

WEEK  
AGO

YEAR  
AGO

START  
OF WAR  
1939

# BUSINESS WEEK



To put business into diplomacy, Edward R. Stettinius, Undersecretary of State.

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EK  
EX

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## Remember the man who wanted a law against machinery?

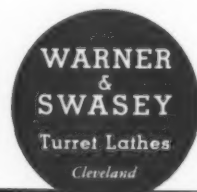
**H**E actually tried to get such a law passed in 1933. He thought new, improved machines put men out of work.

Nobody was ever more wrong.

*First*, if he had had his way, we would have lost the war long ago. It is only America's modern, faster machine tools that have made it possible for this country to turn out more weapons in two years than our enemies were able to make in ten.

*Second*, if he had had his way, we *never* would have recovered from the depression. Better tools enable a workman to turn out more and better products which means these products cost less. That means more people can and will buy them, and *that* is what makes jobs—it is the *only* way to make jobs—good jobs at good wages . . . But the less a man makes, the higher its cost; the fewer people there are who can buy it—and the sooner the market is saturated and the workman's job finished. That workman has idled *himself* out of his job.

When this war is over, there will be hundreds of thousands of modern machine tools in America. *Used efficiently* to make peace-time goods at low cost, they will give everyone more of the things we all will need, at a price more people can pay—and that is the way *and the only* way our returning soldiers can be sure of the jobs they deserve.



YOU CAN TURN IT BETTER, FASTER, FOR  
LESS . . . WITH A WARNER & SWASEY



## The rubber navy—a fleet a week

*A typical example of B. F. Goodrich improvement in rubber*

THAT workman is unfolding a ship. When it's unwrapped and pumped it will be another of those cargo-carrying boats you see in the background—able to carry 6,000 pounds. The navy wanted a boat capable of carrying supplies from ships to shores where there were no docks. They coated it of rubber so several could be carried, collapsed, on a supply ship without taking up valuable space—and pumped up when needed. Several companies started making them.

The accepted method was to cure rubberized fabric, cut it to shape, and cement the edges. As many as seven coats of cement were needed; each had to dry; and even then the seam was none too strong.

B. F. Goodrich men set out to find a better, faster way. They built forms, the shape of the finished boat. Then they cut the uncured rubberized fabric, shaped it over these forms, and vulcanized it. In vulcanizing, the rubber flowed together at the seams, making a stronger joint. Only one coat of

cement was needed. The result by the B. F. Goodrich method was a stronger boat made in less time. Vulcanizing at first took 15 hours. New methods brought it down to three hours and finally to only 50 minutes.

B. F. Goodrich is turning out a whole fleet every week (the number is secret) and has made its methods and experience available to all other manufacturers. *The B. F. Goodrich Co., Industrial Products Division, Akron, Ohio.*

**B.F. Goodrich**  
RUBBER and SYNTHETIC products

**"My extra dollars  
won't cause Inflation!"**



Many Americans have extra income at their disposal these days. It's money that could be a menace to all of us, for too much spending at a time when civilian merchandise is limited would naturally shove prices sky-high.

Fortunately, we have in War Bonds a ready-made device that can stop Inflation. Every dollar you put in this safest of investments is a dollar which you will have for necessary post-war purchases, and a dollar which will no longer help shove prices out of reach. War Bonds are essential from two points of view. They provide our men with fighting weapons. They also protect us here at home.

At SKF, we're buying War Bonds regularly... and then, buying a few extra ones. We're turning out ball and roller bearings to help put the skids under the Axis... and our dollars are helping in the fight for Victory.



**SKF INDUSTRIES, INC., PHILA., PA.**

**BACK THE ATTACK...WITH WAR BONDS**

## BUSINESS WEEK

### WHERE TO FIND IT

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# WASHINGTON BULLETIN

## WHAT THE WASHINGTON NEWS MEANS TO MANAGEMENT

### Business in Diplomacy

Foreign economic operations of the United States will shoulder aside silk-and-tail-coat diplomacy from now on as two business men use the power they have just been given. Appointment of Edward R. Stettinius, Jr., as Under Secretary of State and of Leo T. Crowley as Foreign Economic Administrator shows that the White House means business.

For the first time, the U. S. now has the machinery for a hard-hitting foreign economic policy.

Crowley's new outfit, OFEA, absorbs three independent organizations which formerly handled foreign operations—Crowley's own Office of Economic Warfare, Stettinius' Lend-Lease Administration, and Herbert Lehman's Office of Foreign Relief & Rehabilitation. It also swallows up the State Dept.'s Office of Foreign Economic Coordination, which attempted to tie our unorganized economic policies together and succeeded only in getting into everyone's hair.

### Crowley Forced Issue

Crowley emerges from the shakeup as an unofficial "Secretary of State for Foreign Economic Affairs." The understanding is that he is to have his head in all except the broadest policy decisions. He and Stettinius will work as a team, Crowley carrying the ball, Stettinius running interference for him in the State Dept.

Crowley himself forced the showdown with the White House. If Sec. Cordell Hull had agreed to absorb the Office of Economic Warfare, Crowley would have retired from the scene willingly. Fed up with constant sniping by Hull's staff, he put it to Hull on a take-it-or-keep-your-hands-off basis. Hull refused to do either. The new alignment is the result.

Crowley's OEW and the two agencies transferred to him—Lend-Lease and Foreign Relief—eventually will be consolidated into a single unit. The new setup probably will stand as long as Hull remains Secretary of State.

### Has a Russian Angle

Merging Lend-Lease into the new OFEA left Stettinius out of a job, but this was not the main reason the President pulled him into the State Dept. Stettinius' gingerly handling of economic operations has convinced Roosevelt that he doesn't understand the economic ap-

proach. More and more, he is relying on pragmatic business men to handle negotiations.

Moreover, in the all-important job of getting along with Russia, business men like Stettinius and W. Averell Harriman, head of an economic mission to Russia last year, have got along better with the Soviets than some of our professional diplomats.

Harriman, incidentally, is slated to become the next ambassador to Moscow.

### Global Job for Lehman

Lehman will mark time as special assistant to the President until November, when he will take over the United Nations Relief & Rehabilitation Administration, which will be set up at the next big international food conference. Murray Latimer, on leave from the Railroad Retirement Board, will take over what remains of Lehman's outfit under Crowley. Bernhard Knollenberg, now senior Deputy Administrator of Lend-Lease, will move into Stettinius' spot. Laughlin Currie, on loan from the White House, will continue to head up OEW.

### Truman's New Line

The Truman committee of the Senate, which has had a big hand in keeping the war production program on the track, is now trying to figure what influence it can exert on the postwar period. It doesn't see any future in a war contracts muckraking expedition such as followed the last war, thinks damages recovered by postwar exposure of any frauds would be negligible. More interesting to committee members is a project aimed at insuring the survival of warborn industries and materials that hold promise of high peacetime value.

### First Project—Magnesium

Of particular fascination to the Truman group is the field of light metals, notably magnesium. Members are

saying that nothing should be permitted to restrain the impetus that the war has given the production of this magic metal. They are talking about bringing pressure for the creation of magnesium fabricating facilities (now a bottleneck) and for the encouragement of manufacturers in developing programs for wide utilization of magnesium.

### Postwar Hush-Hush

Reluctance of war contractors to talk postwar plans openly for fear of incurring official displeasure is reaching a pretty pass, now that many of them live in fear of cutbacks and cancellations for other reasons.

The situation has been particularly sensitive in California ever since the War Production Board announced that, wherever necessary, it would scale the Golden State's war business down to match the labor supply.

When a California legislative committee recently opened a hearing in Los Angeles to appraise postwar problems, only one man from the aircraft parts industry showed up. He said others were afraid that if they spoke, the government might kick out their contracts. So arrangements were made to take their testimony by questionnaire, information to be made public, names withheld.

### "Little Steel" Bypass

Vigorous complaints by railroad union leaders underline the probability that an emergency board's recommendation limiting a wage increase to 300,000 rail operating employees to 4¢ an hour may be the last major restraining action under the Little Steel formula.

The yardstick (15% above Jan. 1, 1941, rates) won't be scrapped outright because it is working to hold the line in most run-of-the-mill wage cases. But it will be bypassed to an increasing extent from now on because the government has found that "solid" wage freezing hurts production.

### Ways around the Line

By "reclassifying" the wages of employees of the Boeing Aircraft Co.'s Washington plants, the National War Labor Board gave virtually every employee a wage boost, even though the company's wage scale had been adjusted previously in line with Little Steel. Present indications are that the new Illinois

Other Washington reports in this issue include: War Miracle—1944 Output, page 15; Civilian Funnel, 17; WPB Simplifies, 24; Navy Is Baked, 27; Glycerin Is Back, 34; Higher Oil Price?, 38; Big "VT" Credit, 106. Washington trends of importance to management are also discussed weekly in *The Outlook* and other regular departments of *Business Week*.

THE TOUCH OF TOMORROW IN THE PLANES OF TODAY



## Reunion on the Field of Battle

These are Fairchild alumni—fighting men from Norway, Canada, the U. S. A.

Though they come from different parts of the world, these skillful warriors of the United Nations Air Forces have much in common.

Typical of thousands of fliers on every fighting front, each was given an intensive course in a Fairchild Primary Trainer as one important step on the road to winning his wings. Their meeting upon some distant airfield is virtually a reunion of "old grads" of the same Alma Mater.

It is easy to understand why the Air Forces choose Fairchilds for primary training.

There is the element of added safety. For example: quick take-offs and steep climbs can be performed by novices in a Fairchild Trainer without danger of stall-

ing, which caused so many fatalities in the last war. The trainee, behind a 175 or a 200 horsepower Ranger engine, just "pours on the coal" and he's quickly in the air with a lot of runway to spare.

And when it comes to acrobatics, which give a trainee an intimate feel of the controls and teach him instinctive flying, a Fairchild is the answer to an instructor's prayer. No need to crush the student's confidence by telling him not to dive at 200 miles an hour. Just teach him all the tricks in the bag, with the full knowledge that safety has been built into every inch of every Fairchild Trainer.

*Maneuverability with great safety, and rugged landing characteristics*—for which all Fairchild trainers are famous—provide the foundation stone of Fairchild's "touch of tomorrow in the planes of today."

BUY U. S. WAR BONDS AND STAMPS

 **FAIRCHILD**

Ranger Aircraft Engines Division, Farmingdale, L. I.

**ENGINE AND AIRPLANE CORPORATION**  
30 ROCKEFELLER PLAZA, NEW YORK

Fairchild Aircraft Division, Hagerstown, Md. . . . Burlington, N. C.

Durham Division, New York, N. Y.

contract, providing substantial increases, will be approved by NWLB (page 96).

Adjustment of wages to the "going rate" and installation of wage-incentive terms also are working to thaw frozen wage structures.

## Subsidy Armistice

War Food Administrator Marvin Jones' hope of getting speedy congressional approval of his food production subsidy program for 1944 has evaporated into thin air.

Deadline for the eventual compromise is Dec. 31, when the Commodity Credit Corp. will expire if not renewed by specific congressional action. Evidence of how Congress feels towards the food program was concretely shown when, for nearly a week, Jones couldn't find a single member of the House who was willing to introduce the life-extension bill.

The major point of controversy is the content of Jones' proposal to set consumer food price ceilings at levels that reflect less than farm support prices, with differences to be made up by subsidies. The Administration has the upper hand, however, because, in spite of Congress' opposition to certain features of the subsidy program, it isn't willing to accept the responsibility for killing the whole thing.

## Milk Spoiled Hopes

Jones' strategy for lining up the farm organizations on his side was upset when the White House forced him to substitute the milk subsidy before Congress had a chance to pass on it. This was for offsetting increased costs of feed by making subsidy payments of 4¢ to 50¢ per cwt. to whole milk producers.

The subsidy alone won't solve the milk shortage problem. Feed shortage is the real trouble, and officials haven't hit on a practical plan of distributing the short supplies (page 14). Worry that the feed will go into the more profitable hogs and poultry than into dairy cows.

## Survey the Survey

Appointment of a joint Army-Navy Production Survey Committee won't stop WPB's quiet but determined campaign to force the services to scale down unnecessarily ambitious programs.

The new committee, appointed by the Joint Chiefs of Staff on orders from President Roosevelt, is supposed to re-

view procurement programs and recommend changes to bring them in line with battle experience—which, to civilians, means to cut them down.

Production officials think this is fine so far as it goes but doubt the ability of anyone to audit his own books. They suspect that a critical survey of procurement in the light of battle experience would result in sweeping cutbacks in many more lines than have been hit so far, release considerably more material for civilian supply.

Hitch is that the officials can't prove their suspicions because battles to date haven't been full-scale.

## Fixed-Fee Contracts Stay

Discussion of the propriety of cost-plus-fixed-fee contracts, revived by Bernard Baruch's condemnation of such contracts, won't get anywhere.

Sen. Homer Ferguson, a member of the Truman committee investigating the conduct of the war, has slapped in a prohibitory bill, but the Truman committee itself has consistently refrained from recommending legislative correctives for any abuses into which it probes. It gets quicker, more effective results by applying direct pressure to sore spots and, in this instance, is disposed to believe that the cure would be worse than the disease.

Contracts can't be made in a vacuum, and the Truman committee's conclusion is that, where foreknowledge of the work to be done and of its probable cost is not adequate, the "insurance charges" included in a fixed price contract are likely to be so high as to exceed any waste encountered in the cost-plus-fixed-fee practice.

## WPB Agrees

Labor hoarding is encouraged to some extent by cost-plus-fixed-fee contracting, in WPB's view. Since his fee is fixed, the contractor doesn't make a nickel more—or less—by putting idle men into his costs, but chances are that if he were selling at a fixed price he wouldn't cut his profit by keeping many men handy just in case he needed them.

However, WPB's conclusion is the same as the Truman committee's. Agency heads ask how it is possible to figure a close fixed-price contract on a plane that has 99 design changes rung on it before it leaves the assembly line.

## WMC Wants Contract Power

War Manpower Commissioner Paul V. McNutt's worries about the manpower muddle were slightly eased this week by his belief that he had succeeded in putting a representative on the inter-

## Contract Termination—Job for Congress

Comptroller General Lindsay C. Warren has thrown a monkey wrench into WPB's last hope of working out a uniform termination clause for government contracts. Procurement officers say now that it will be up to Congress to lay down a detailed policy specifying how and when contractors are to get termination settlements and what government departments are to handle them.

● **Services Ruled Out**—The Comptroller General contends that the armed services have no legal right to make settlements on terminated contracts. The General Accounting Office, he says, is the only agency with authority to handle claims against the government. Hence, it should review each termination settlement before any money is paid out to a contractor.

The whole argument hinges on the neat legal question of whether a contract continues in force after the services tell a manufacturer to

stop making the product they ordered. The Army and Navy have authority to make payments under contracts. They have assumed that this gave them power to make termination settlements. The General Accounting Office argues that, once the Army cancels an order, its contract is dead, and that what the manufacturer has then is not a contractual right but a claim for damages, which the Army has no authority to handle.

● **Figures Lacking**—Another complication is that nobody knows how much money the termination settlements will involve, or even how many contracts will be subject to termination. The Army has only a rough estimate of the number of prime contracts it has let, and it has almost no notion at all of the number and size of the subcontracts that extend down through the various levels of industry.

Just what Congress can do to break the deadlock isn't clear yet.



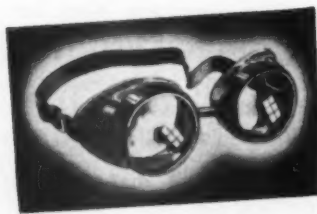
Who cares how  
much glass Willson

**THROWS  
AWAY?**



Does a riveter, chipper, welder or chemical worker, busy at his job, care that in the manufacture of Willson protective lenses we discard tons and tons of glass every year? Perhaps he hasn't given it a thought, but Willson throws away glass which the worker's own eyes would say was perfect...the flaws of which only delicate scientific machines can detect. Such rigid inspection may save that worker's eyes some day—and actually increases his efficiency every day.

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**Willson Heavy-Duty  
Cup Goggles, RR50**

Composition cups for use in "hot" jobs, where humidity and lens-fogging are problems. Unusual amount of ventilation. 50 mm. clear Super-Tough lenses.

GOGGLES • GAS MASKS • HELMETS • RESPIRATORS

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## WASHINGTON BULLETIN (Continued)

agency Procurement Policy Board which rules on contract placement. He regards this as a big step toward straightening out his troubles, because it gives WMC a chance to clamp down on letting contracts in labor shortage areas.

However, neither WPB nor Procurement Policy officials would confirm that WMC has been given a seat on the board.

### More Critical Areas

WPB admits that placement of contracts without regard to the local labor supply has been responsible for a large part of the manpower tangle. One of the first jobs of the "little WPBs" (page 24) is to see to it that the procurement agencies look at manpower before they leap with orders.

Meanwhile, WMC has increased its list of critical labor shortage areas from 59 to 71.

### Price-Profit Policy

A clear-cut declaration of OPA's policy on prices is in the works. Chester Bowles, the agency's general manager, intends to go on the record within the next few weeks. The declaration should settle such questions as how much consideration OPA will give to profits when adjusting an industry's ceilings.

Profits again became a hot issue when word leaked out that producers of vitamin products would be forced to slash prices. OPA officials have been citing the industry's favorable profits status as proof that they could stand it (BW—Sep. 18'43, p. 92).

### It's Bowles' Show

Rumors that Prentiss M. Brown will resign as Price Administrator are being revived but it doesn't make much difference now. Bowles is running the show. Brown can quit anytime now without being vulnerable to the charge that he left Bowles holding the bag.

### Stretching Shoe Leather

Indefinite extension of shoe ration stamp No. 18 hasn't been granted just to avert a last-minute buying rush by providing an overlap between stamps, but to stretch dwindling supplies of sole leather a little further. Next stamp to be validated, the first airplane stamp in Ration Book III (OPA has nicknamed it "walking with wings"), may have to last six months or longer.

WPB is pushing production of plastic and synthetic rubber soles (BW—Aug.

21'43, p. 70), although there won't be enough of these to ease the pinch on leather much. Meanwhile, it is planning to give the repair trade a big share of what sole leather there is to keep shoes on the hoof in good condition.

### Airlines Invited South

Civil Aeronautics Board is again inviting applications for air route certificates from this country into the Caribbean, Mexico, and South America.

The first call, one year ago, apparently was instigated by the Army and later withdrawn upon objections by the Navy. The idea then was to supplement the extreme shortage of surface shipping. This time, it's a good neighbor deal.

Presumably, if the "invited" airlines don't pay their way, they will be subsidized with high rates.

While thus proceeding with lines to Latin America, the Administration is holding in abeyance all transoceanic applications pending determination of a foreign air policy—which seems to mean the Western Hemisphere is not regarded as "foreign."

### Capital Gains (and Losses)

Machine Tool Division of WPB is working on a plan for contract termination under which tool manufacturers would complete all orders in the work when they get notice of cancellation and turn the tools over to a Defense Plant Corp. pool. This DPC pool would pay the manufacturer and turn the tools to the next contractor who needs them.

Office of Civilian Requirements is wondering whether—since postwar planning affects the civilian economy—shouldn't become a brood hen for the manufacturers who want a little of this, that, and the other to carry out experiments angled to postwar. So WPB top officials admit that the material might be found but won't face charge of letting labor be diverted from war work—even if that means only spare time of a few engineers or laboratory men.

WPB now is proposing awarding Army-Navy "E" pennants to who distillers for their outstanding job producing war alcohol and, incidentally, to take the edge off their disappointment that it will not permit them to divert a small fraction of their output for beverage use.

—Business Week  
Washington Bureau

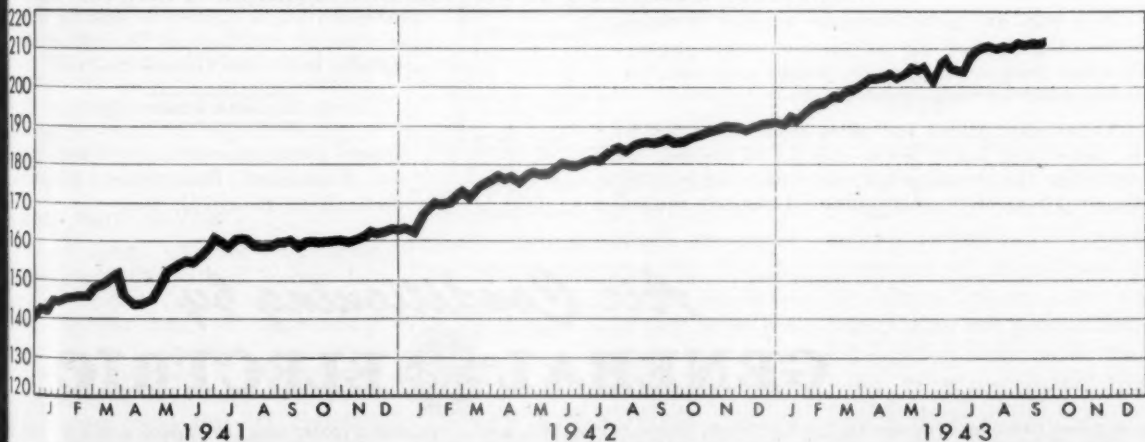


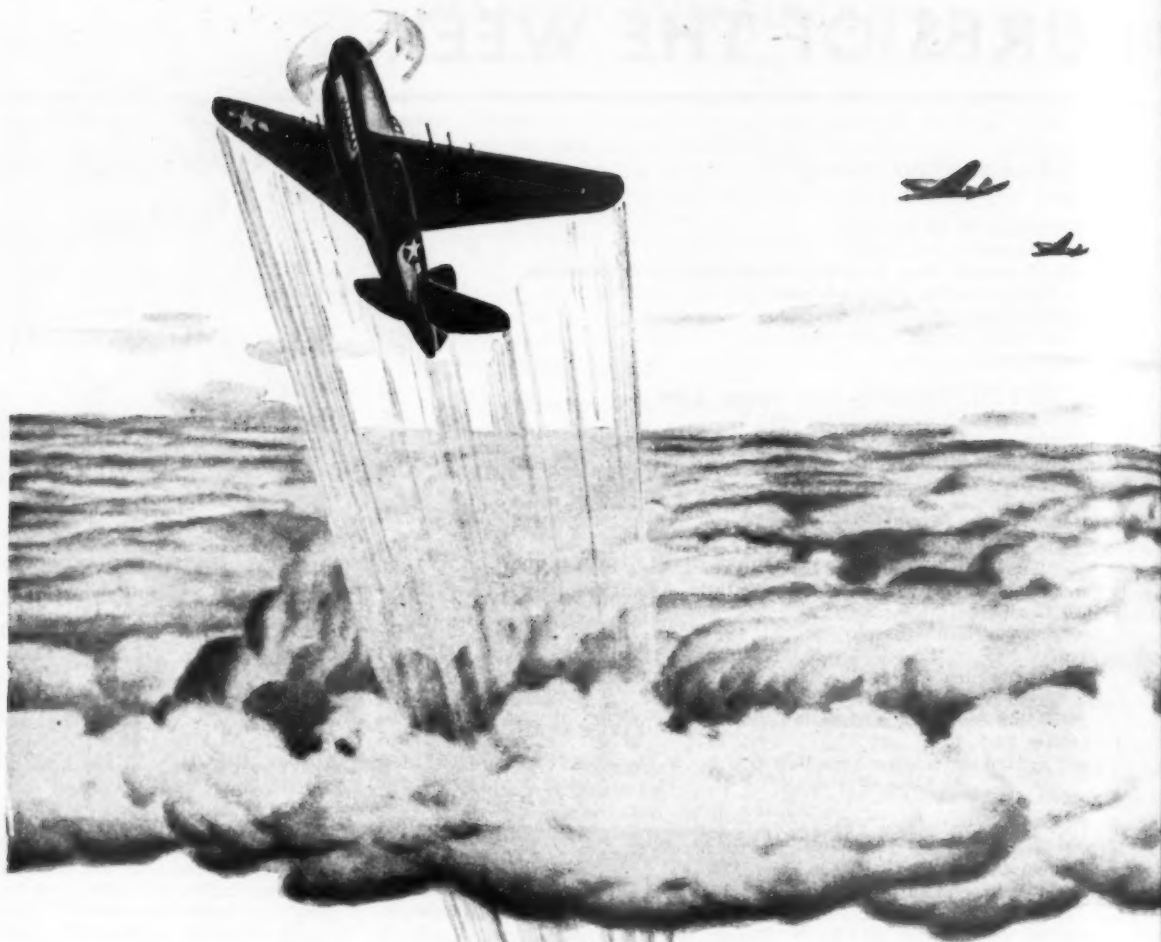
# FIGURES OF THE WEEK

	8 Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX (see chart below) . . . . .	*212.9	212.3	212.4	202.2	186.9
PRODUCTION					
Steel Ingot Operations (% of capacity) . . . . .	100.8	100.6	99.4	99.5	97.3
Production of Automobiles and Trucks . . . . .	21,490	†21,040	20,055	18,210	20,860
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands) . . . . .	\$8,809	\$9,285	\$7,322	\$11,731	\$28,450
Electric Power Output (million kilowatt-hours) . . . . .	4,360	4,359	4,322	3,928	3,720
Crude Oil (daily average, 1,000 bbls.) . . . . .	4,344	4,376	4,196	3,896	3,909
Bituminous Coal (daily average, 1,000 tons) . . . . .	2,017	†2,031	2,002	2,060	1,951
TRADE					
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars) . . . . .	84	83	82	78	85
All Other Carloadings (daily average, 1,000 cars) . . . . .	67	67	67	50	65
Money in Circulation (Wednesday series, millions) . . . . .	\$18,714	\$18,773	\$18,303	\$16,065	\$13,519
Department Store Sales (change from same week of preceding year) . . . . .	+17%	+10%	+15%	-2%	+5%
Business Failures (Dun & Bradstreet, number) . . . . .	33	30	45	94	149
INDICES (Average for the week)					
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100) . . . . .	248.2	247.8	246.8	248.8	235.0
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . . . . .	160.6	160.6	160.5	159.9	155.0
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . . . . .	217.4	216.9	215.2	208.8	186.3
Finished Steel Composite (Steel, ton) . . . . .	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
Scrap Steel Composite (Iron Age, ton) . . . . .	\$19.17	\$19.17	\$19.17	\$19.17	\$19.17
Copper (electrolytic, Connecticut Valley, lb.) . . . . .	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (No. 2, hard winter, Kansas City, bu.) . . . . .	\$1.47	\$1.47	\$1.41	\$1.39	\$1.23
Sugar (raw, delivered New York, lb.) . . . . .	3.74¢	3.74¢	3.74¢	3.74¢	3.74¢
Cotton (middling, ten designated markets, lb.) . . . . .	20.49¢	20.48¢	20.53¢	21.31¢	18.74¢
Wool Tops (New York, lb.) . . . . .	\$1.365	\$1.365	\$1.370	\$1.303	\$1.205
Rubber (ribbed smoked sheets, New York, lb.) . . . . .	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢
FINANCE					
100 Stocks, Price Index (Standard & Poor's Corp.) . . . . .	95.7	96.6	93.2	90.7	70.5
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's) . . . . .	3.83%	3.83%	3.82%	3.99%	4.26%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's) . . . . .	2.70%	2.70%	2.69%	2.76%	2.80%
U. S. Bond Yield (average of all taxable issues due or callable after twelve years) . . . . .	2.30%	2.30%	2.28%	2.33%	2.34%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average) . . . . .	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate) . . . . .	½-¾%	½-¾%	½-¾%	½-¾%	½-¾%
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks . . . . .	31,624	32,871	35,145	32,128	27,807
Total Loans and Investments, reporting member banks . . . . .	50,124	49,393	46,719	42,004	35,349
Commercial and Agricultural Loans, reporting member banks . . . . .	6,132	†5,992	5,739	5,975	6,576
Securities Loans, reporting member banks . . . . .	2,558	†2,319	1,418	930	884
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks . . . . .	35,947	35,584	34,209	29,289	21,488
Other Securities Held, reporting member banks . . . . .	2,952	2,953	2,902	3,222	3,535
Excess Reserves, all member banks (Wednesday series) . . . . .	1,890	2,050	1,106	1,632	2,034
Total Federal Reserve Credit Outstanding (Wednesday series) . . . . .	9,717	10,315	9,137	6,280	3,581

† Preliminary, week ended September 25th. † Revised.  
 § Date for "Latest Week" on each series on request.

## BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





## NOTHING TO IT, EH?

Modern war planes can climb a mile a minute. In very few minutes a fast climber can be up in the sub-stratosphere. But...

Temperature takes a nose dive as the plane soars higher. At 20,000 feet the temperature is well below zero. Apparently at about 35,000 it becomes fixed... at 70 degrees below zero in the temperate zone. Over the equator, stratosphere temperature drops as low as 100 degrees below zero.

Both pilot and plane encounter troubles in the bitter-cold, rarefied air of the sub-stratosphere. Moisture freezes, oil congeals, engines gasp and die unless aided by turbo-superchargers.

Nevertheless, planes and pilots are learning to fight at higher and higher levels—thanks to research conducted on the ground in test chambers which reproduce the conditions of the stratosphere. Accurately controlled

air conditioning and refrigeration...plus controlled pressure...make these tests possible.

This is one of the many interesting and important ways in which air conditioning is contributing to our war effort. To do the tasks of war time, General Electric has developed dependable air conditioning and industrial refrigeration equipment...equipment that is more flexible, more compact, more efficient.

After the war, lessons learned in wartime production will be applied to making better peacetime air conditioning. This will be made available to all from General Electric.

★ BUY WAR BONDS ★

General Electric Company, Air Conditioning and Commercial Refrigeration Divisions, Section 4311, Bloomfield, N. J.

*Air Conditioning by*  
**GENERAL  ELECTRIC**

Hear the General Electric Radio Programs: The "HOUR OF CHARM," Sunday 10 P. M., EWT, N.B.C.... "THE WORLD TODAY" News, Every Weekday 6:45 P. M., EWT, G.

# THE OUTLOOK

## "R" Day Is Drawing Nearer

Reconversion never was expected in 1943, of course, but now is the time to figure just when it will come and what it will entail—even while meeting new arms schedules.

Following an almost uninterrupted 15-month rise, stock prices during the past two months have been holding on a fairly even keel. This suggests that the market has taken pause to sketch out anew the probable course of events as they will affect future earnings—and that the market has not yet come to a decisive conclusion.

### Questions to Be Answered

This week's developments reinforced the tendency to pause for a look ahead. At home, high officials outlined the scope of the war production program for 1944 (page 15). In the war, the Russians drew up at the Dnepr along most of the front, and the Allies completed the conquest of most of southern Italy.

By themselves, these events raised no questions that were not being asked six months ago: When will reconversion begin? When will Germany be defeated? And what will happen then? But because we are six months further along on the schedules of production and of war, those questions are now raised more forcefully and more definitively.

For, as Business Week has affirmed and reaffirmed, that probable schedule—probable in that it was the general consensus—envisioned no victory over Hitler in 1943, and no reconversion in 1943. But 1944 may well be different. How much different we may soon see from whether the Germans defend the Dnepr line or whether the Russians will send them reeling back; whether the Allies will broaden their Mediterranean strategy into a Balkan invasion, now that capture of Foggia fields permits an air cover for it; and whether, with winter approaching, reliance will be shifted from strategic bombing of Nazi industry to the striking of that final cross-Channel blow from Britain.

### Goals Must Be Met

These events will not only define more clearly the date of victory, but also may affect the outlook even before. At this time, we must accept the goals for forthcoming war production as the minimum of military needs—and strive to meet them. But it cannot be overlooked that the President this week has set up under the Joint

Chiefs of Staff a production committee to recommend "changes in procurement programs in the light of war developments." This is the second such move to "see that the waste, unavoidably present in war, is kept to a minimum." And clearly, possibilities of "waste" mount as war prospects improve (BW—Aug. 7'43, p108).

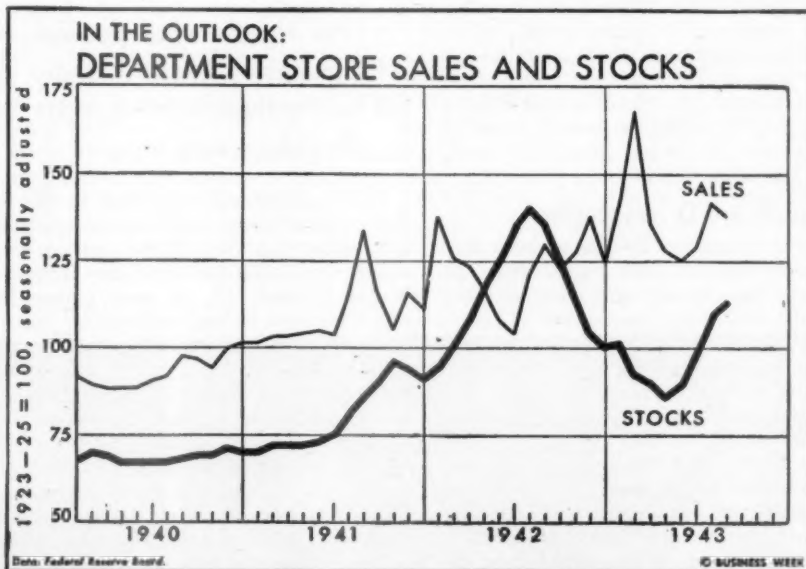
Uncertainty about the outlook after a German defeat hinges on two factors: (1) the level to which we demobilize our war effort with Japan still to be licked, and (2) the extent of the relief and rehabilitation we provide for Europe. And these must be considered against the background of the economy we have erected to fight this total war. As we attempt to shift our resources, we may encounter many temporary bottlenecks in facilities, materials, or manpower.

Take the auto industry, for instance. Its production of munitions is now running at a rate of more than \$9,000,000,000 a year. By now, half this output is going into aircraft, engines, and parts, and a small volume of ship motors and similar equipment. One-fourth is devoted to tanks, guns, and ammunition, and the remainder to trucks and other military vehicles.

### Some Waste Inevitable

Suppose, as now seems not unlikely, that after defeating Germany we maintain emphasis on production of aircraft and marine equipment to fight Japan, and of trucks, trailers, and similar vehicles for both domestic and foreign transport. This would keep three-fourths of the industry's plant and labor occupied. Suppose also that we sharply reduce output of equipment and ammunition for the ground forces—the bulk of which is produced outside the auto industry. This cutback would free the vast quantities of steel used in this ordnance but would release only up to one-fourth of the auto plant and labor—not nearly enough to fabricate into passenger cars the released materials.

This is but one hypothetical problem



Department store sales—like other sales—have held up better than expected. Now, surprisingly, inventories have risen for three months. At once, this suggests rising civilian supplies—though civilians seem still to be getting less rayon, leather, cotton, and woolen goods. However, one reason for the rise in dollar volume is higher prices, including upgrading from low-

to high-price lines. Another is the substitution of inferior materials in making products which now-affluent consumers will buy anyway. A possible third is that this season's production of many soft goods scheduled for fall retailing came earlier than usual—due to unprecedented demand—forcing stores to inventory merchandise which they soon plan to sell.





## GRAND ILLUSION

Kansas City's crowded stockyards are typical of the cattle pens throughout the country this week. But steak-hungry gourmets will find them somewhat of an optical illusion. For al-

though Monday saw the biggest runs to the dozen principal markets in 17 years—156,900 head—the cattle are only a reasonable facsimile of the pre-war stuff. Most of them are grass-fed lightweights that haven't been fattened on Corn Belt feed lots.

of the many that may actually arise. So long as there continue to be sufficient demands for our total output—whether for munitions, consumer goods, or industrial equipment—the production set up may require drastic revision of contracts, materials allotments, and labor supplies in order to avoid waste of resources. Even so, some such waste will be unavoidable for a time.

## Significant Discrepancies

The Dept. of Commerce now estimates that consumer expenditures on goods and services will come to \$90,000,000,000 this year—some \$15,000,000,000 more than had been forecast at the beginning of the year. This contrasts with the failure to meet 1943 munitions "schedules" by some \$10,000,000,000, which was pointed out last week. And the two discrepancies more than faintly suggest a connection.

Both war production and consumer expenditures failed to meet forecasts partly because of inevitable errors in predicting the nation's capacity. Also, the value of goods and services was in part inflated by price increases, disappearance of low-price lines, and similar nonphysical factors. But it seems likely that the design changes, cutbacks, and components bottlenecks which retarded arms output freed some materials and manpower which were used to augment civilian supply—and that war production suffered in part for lack of manpower and materials which we failed to divert efficiently from the civilian economy.

## Feed Crisis Nears

### No matter what decision WFA makes on livestock, there will be shortages in meat, eggs, or milk before very long.

American farmers responded to the 1943 official livestock and poultry goals with such gusto that there just isn't enough feed to fill the beasts' and birds' hungry mouths. Or, at least, growers who have corn in their cribs won't sell it to cattle feeders and poultrymen at the \$1.07 ceiling.

• **Smaller Total Supply**—Profuse statistics bearing on the general situation boil down to a simple shortage. Supply of feed per animal for the crop year starting Oct. 1, 1943, will be down—perhaps 15%—from the preceding year of record crops, or 10% from the 1937-41 average.

The worst of it is that no amount of paper work on the Potomac can increase the total feed supply. No matter how Washington approaches it, the solution must be production of less meat, milk, or eggs.

• **A Pinch Somewhere**—Consumers are bound to feel the effect on their diet. Whether dairymen or poultrymen or livestock raisers get the feed, other millions of farmers will be left out—and they'll have a patriotic excuse to complain about their out-of-pocket loss. Po-

litically, it's no fun for the planners to decide whose little pig goes to market at an unprofitable price.

Pressing for quick action on a milk subsidy, War Food Administrator Marvin Jones has tackled the most immediately urgent problem. He must augment dairy feed supplies, or consumers in many a major center must this month go without fluid milk.

• **Plenty of Pork, But**—Other phases require just as prompt action to ward off explosive consequences. Meat, for instance. Last spring's bumper crop, now maturing into butcher hogs, assures a great plenty of pork for next year's military-civilian and lend-lease needs.

Beef and lamb are a sadder story. Left to the simple devices of nature, most cattle and sheep would necessarily move to slaughter by the time the pastures dry off in late summer. Feed-lot operators fatten range animals for market and, meanwhile, hold them back for more gradual marketing throughout the non-grazing seasons.

• **Ewes Go to Slaughter**—Lamb feeders are quitting in droves, though excellent mutton is plentiful because sheepmen are selling off their breeding ewes. Cattle feeders should right now be stocking their lots with thin stuff, for range cattle normally move into the Corn Belt over a period of three months, starting in mid-September.

Statistics on feeder and stocker cattle passing through the yards at Chicago, Kansas City, St. Paul, and Omaha tell their own story. For the week of Sept. 17, the decline in the number of cattle sold for feeding rather than for slaughter declined 13% compared with last year; for the fortnight, down 3%; for all of July and August, down 17%.

• **Price Problems**—OPA price ceilings on beef fail to provide the 2¢-to-2½¢ margin between grazers and fed cattle which the feeder needs to outbid packers for grass-fattened range stuff. Also, feeders can't find farmers who have any corn they will sell at the ceiling price of \$1.07, because the same corn can be fed to hogs and marketed as pork at about \$1.50 a bu.

Last week, the feeders of eastern Iowa, biggest midwestern feeding district, requested the War Food Administration to remove four barriers that now prevent them from stocking up their lots. Their program asks the government to (1) officially state desired beef production by type, volume, degree of finish; (2) cease threatening ceilings and rollbacks on live animals; (3) revise ceiling prices on grain-fed beef to reflect feeding costs; and (4) revise hide ceiling upward.

• **Two Expedients**—WFA officials cannot budge OPA from its corn ceiling, hence cannot budge corn out of Corn Belt cribs to supply deficiency areas like the dairy and poultry states of the Northeast. Next best expedient would



# War Miracle—1944 Output

U. S. will equal production of all allies and enemies combined, but tides of conflict will cause shifts—and painful ones; goals are about 20% over 1943, but not for all items.

War production is climbing again. It has been for some weeks, but officials were reluctant to admit it for fear "complacency" would result in another letup.

But Washington has grown tired of its own pessimism, which took the line that no matter how good production is, it isn't up to "schedules." In WPB and the procurement agencies, there is no longer much disposition to challenge Under Secretary Robert P. Patterson as official gloom dispenser. (Pep sessions held by Patterson this week were designed to din the sour notes in the ears of production and labor executives.)

• **Rise of 20% Planned**—The mysterious schedules, whatever they may be, obviously lose validity in the face of current performance and confident estimates of future performance. War output is expected to push on to 1944 levels more than 20% higher, in dollar volume, than for 1943—about \$76,500,000,000 against \$62,500,000,000, exclusive of construction.

Somewhere along the production line, U. S. output alone will come abreast of the war output of all our allies and enemies combined. This fact puts in a sudden new perspective our relationship to friends and foes alike.

• **Many More Shifts**—The production pattern will be very irregular from here on. There will be many more shifts from item to item. There will be many more cutbacks to disturb contractors' operations—and excite labor's protest of bad management in Washington—as

orders are manipulated in closer conformity to the variable needs on the battlefronts.

It must be reckoned as probable that, sometime during the year, Germany will fold, and the focus of the war effort will shift to Japan. That change will thrust an even greater load on the already overburdened Pacific Coast and on rail lines West. While construction of plant and handling facilities continues to taper off elsewhere, the need for warehouses, new bases, docks, and other structures on the Coast will mushroom.

• **Those Superbombers**—Pushing the war into the Pacific will also force a top-to-bottom overhaul of the munitions program. In the air, the overbearing need will shift from short- and medium-range fighters and bombers to giant bombers that can change the map of Japan from island bases 2,000 miles away.

Although next year's planes will run one-third heavier, on the average, output will be, at a guess, 115,000, which compares with a probable 85,000 this year (although WPB still hopes to make it 90,000). The chances are that plane output will reach its ceiling about the first of the year.

• **More and Better Models**—In Donald Nelson's report on August production, it is admitted for the first time that plane production has now reached a point where we can afford to take slight temporary losses in production to get more effective models. The past three or four months have seen changes so extensive, even in much-beloved mod-

to buy a hundred million bushels of corn at, say, 10¢ above the ceiling to resell to dairymen and poultrymen at the regulation OPA figure. Commodity Credit Corp. already has used \$100,000,000 by below-cost selling 100,000,000 bu. of wheat for feed in the past 20 months and is now practically out of feed wheat.

The corn shortage is the basic ailment, but protein supplements are a part of the feed problem (BW—2743,p15). Actual expectation for '44 is a record-breaking 11,600,000 (oilmeal equivalent) of high-protein feeds. But the prospective supply—due to larger dairy and poultry flocks—will be about 8% smaller than in '43 in relation to livestock, and at the same as the 1935-39 average.

• **How about Next March?**—Washington has worked out, with the feed industry, a set of regulations which suits all parties while assuring equitable distribution of cottonseed and soybean meals. Feed rationing seems inevitable unless the shortage becomes crisis along about next March, just before pastures turn green.

Guiding principle of the crop goals for animals and poultry next year is that their present numbers exceed what can be sustained on expectable feed supplies. Carryovers, on which they have been living, are now running out.

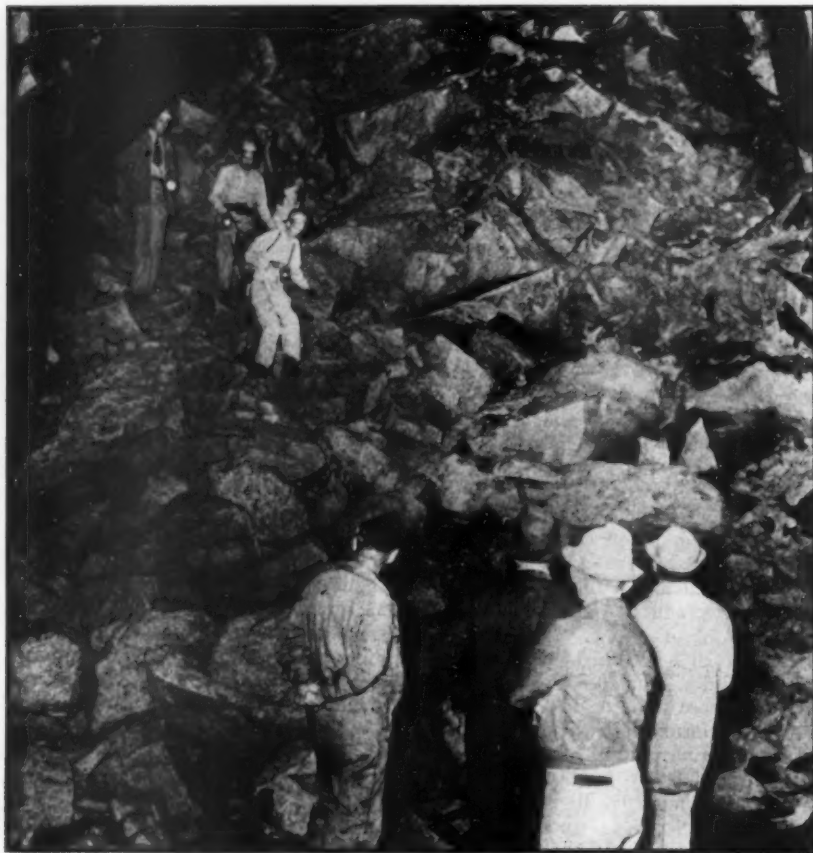
• **Dubious Consolation**—Eventual outcome of the present chaos is anybody's guess. The livestock trade doubts that a solution can emerge in time to prevent serious maladjustments in meat, milk, and eggs. Meanwhile, the Corn Belt farmer, with plenty of home-grown grain in his granaries, will keep on feeding his hogs and any beef or dairy cattle he has. He figures that, if New York and New England should have to go without milk and eggs this winter, they at least will have a lot of stewing hens and stringy cow beef.



labor and industrial leaders at Washington's Pentagon labyrinth this week for war production talks by Army and WPB officials.

Tom Girdler, chairman of Consolidated Vultee Aircraft; Victor Emanuel, president of Aviation Corp.; Harvey Firestone, Jr., president of Fire-

stone Tire; and Glenn Martin, president of Glenn Martin Co. (left to right) were among those who heard the call for "more in '44."



## PLUGGED BY FIRE

Strange as it seems, a brush fire is to blame for a cave-in far underground in one of the nation's most vital tunnels. It's the Denver & Salt Lake Railroad's Moffat Tunnel in Colorado. Spreading along ties and timbers,

flames raced into the tunnel, weakening roof and walls with terrific heat. Inspecting the costly plug is John R. Austin (upper left), famed tunnel driver who prescribed mucking machines for clearing it. War traffic is being detoured 175 miles over the Denver & Rio Grande tracks via Pueblo.

els, that it is doubtful whether the Germans will recognize them.

August plane output pulled up to 7,600 (of which, incidentally, probably more than 5,000 were combat types). This is an increase of 3% over July in number, 7% in weight, and the highest total to date. The August output might have been 700 to 1,000 planes higher still save for the extensive design changes. Changes are coming along fine, however, and September plane output will show higher than August—and, on a weight basis, five times last September.

• **More Than Manpower**—The public has been given the idea that the ruckus over the manpower squeeze on the Pacific Coast is the whole reason for the way plane production has failed to keep pace with the military's ambitious schedules. Procurement officials know, however, that constant design changes are of at least equal importance.

Nearsighted judgment in placing contracts in Pacific Coast plants is at

the root of the manpower trouble; 50% of aircraft requirements have been ordered from Coast plants in spite of the shipyards, which are taking twice as much labor as the plane plants. In many cases, however, circumstances have forced the choice, and the end is not yet. Example: To get quick expansion of plane and truck tire output, WPB will have to dump more capacity in Los Angeles (as well as Akron) simply because it can get more tires in three months, whereas it will take 18 months to start from the ground up in places of easier labor supply (page 18).

• **Another Pinch Eases**—Next to planes, the tightest spot in war production is ground signal equipment, but WPB officials are cheered by a sizable pickup in this complex line.

Raw materials—and that means principally aluminum, magnesium, copper, and alloy steels—are running out of WPB's ears. Exception is carbon steel. Good indicator is that, in the last 60 days, not one plane plant has com-

plained to WPB of lack of materials. The same is true of aircraft engine plants, except in two plants which are being extended. The comparatively tight situation in carbon steel, big volume metal of all, is temporary; due to the enormous demand which piled up for the fourth quarter, more furnace capacity coming in about the same time is expected to pick up part of the load.

• **Manpower Determinant**—Many a manufacturer, however, whose war business will shrink or evaporate entirely in 1944, will be disappointed if he has to get materials for experimental development work on peacetime products. At least, that's the way it looks now.

Most manufacturers fail to realize that WPB regards labor supply rather than materials as the key to this situation. WPB sees a chance here to use its control over materials to divert labor whose war jobs in one spot are dropping up to spots where demand is urgent.

• **Durable Goods Problem**—Capital goods requirements for supplying the 11,000,000-man Army and Navy are pretty well in hand; not entirely but enough so that in 1944 WPB can make more generous provision for replacement needed to hold the civilian economy together in transportation, communication, power, and so on.

In durable consumer goods, the outlook isn't so bright. WPB says that there won't be any automobiles until Germany is licked. In other durable lines, some goods will be sacrificed in, but in amounts that will be care of only acute needs.

Production of soft goods can be expected to increase somewhat, but worst is still to come because cushion furnished by inventories is rapidly disappearing.

• **Top Is in Sight**—Total naval shipbuilding is approaching its peak. The relatively small increase in "construction-in-place" during the first six months of this year foretold a leveling out the ship completion trend. A quick take of the high spots in naval production next year (figures in billions) looks about like this:

	1944
Battleships .....	\$1.3
Destroyers .....	1.09
Submarines .....	.56
Antisubs .....	3.6
Transports .....	.4

Planes for both Army and Navy arms, totaling \$12,000,000,000 a year, probably will reach about \$2,000,000,000. Building of merchant ships will run 21,000,000 tons, about 2,000,000 tons better than this year with production shifting progressively from Liberties into the faster Victories and C-2 models; more tankers are called for, too.

• **Cutbacks and Shifts**—The overprogram for ground troops will be

from this year's level. As the shoot-  
increases, ammunition will become  
important item. Almost enough  
ery, tanks, anti-aircraft guns, small  
and combat vehicles have already  
produced. Cutbacks will be deep,  
giving many headaches in redistribu-  
of labor.

War industry construction, already  
ing, is expected to drop from  
\$4,600,000,000 this year to \$2,-  
000,000 next year.

With a shift in the whole theater of  
in prospect, but with the timing  
predictable, no calculations, official  
otherwise, of 1944 war production  
be very solid. Besides, next year is  
year, and if the statisticians have  
otten that, the extra day will throw  
their figures out of joint.

## Civilian Funnel

**Equitable distribution of  
available goods—rather than the  
all supply—emerges as crux  
the consumer problem.**

WPB's Office of Civilian Require-  
ments doesn't act soon to insure equita-  
distribution of the diminishing sup-  
of civilian goods, Congress may  
the play away from it. The Senate's  
all business committee is readying  
draft of a bill which would push  
WPB into adopting widespread controls  
the distribution of all scarce con-  
sumer merchandise (which today means  
practically all commodities).

**Over-All Answer**—OCR already  
discovered that it isn't enough  
ely to see that more hairpins, radio  
es, wash tubs, garbage cans, and  
dry necessities are allocated to civil-  
It must also cope with specific  
tages—no razor blades in Dallas,  
baby carriages in Los Angeles, no  
gloves in Leadville, Colo. There's  
the problem of what to do about  
miller X who is struggling along with  
shelves and empty bins, while Re-  
ter Y is apparently well supplied.  
is what bothers Congress, con-  
ed, as usual, with the little fellow's  
(it.)

Principal object of a scheduled swing  
and the country of a group of OCR  
als is to find out from retailers and  
dealers at the grass roots just how  
trouble wartime dislocations in  
distribution are causing (BW—Sep.25  
77). The importance OCR attaches  
this junket is indicated by the fact  
the agency's boss, Arthur White-  
will go along for at least part of the  
This sortie into the field should  
underway Oct. 10.

**Question of Authority**—OCR is count-  
on findings of this road tour to  
le it in framing distribution con-

trols. But the wheels may not grind  
fast enough for impatient congressmen.  
Also, there has been some question as to  
whether WPB is sufficiently empowered,  
under the Second War Powers Act, to  
take a firm grasp on distribution of non-  
rationed commodities. Congress is anx-  
ious to remove any such doubts.

Whoever jumps first, there's pretty  
general agreement that present devices  
aren't enough to insure that everybody  
gets his share of what (theoretically, at  
least) is an adequate supply of the basic  
civilian necessities.

• **Factors Involved**—Fundamental trou-  
ble with the present distribution setup  
obviously is an undersupply of goods  
and an oversupply of cash to spend for  
them. But other wartime upsets have  
vastly complicated the basic trouble:

**Differential Conversion**—The manufac-  
turer who supplies one wholesaler may have  
converted to war work, while the manufac-  
turer who supplies a rival wholesaler with  
a similar line of goods may still be in civilian  
business.

**Shifts in Population**—By and large, the  
distribution system simply has not been  
able to keep up with a rapidly shifting war-  
time population. The goods don't follow  
the war workers—or, at best, they lag be-  
hind them. Contrariwise, some communi-  
ties, whose citizenry has been drained off by  
the war, are plentifully supplied.

**Isolated Areas**—With the shortage of  
goods and with deliveries restricted, manu-  
facturers and wholesalers have tended to  
drop customers in isolated locations that are  
difficult and expensive to service.

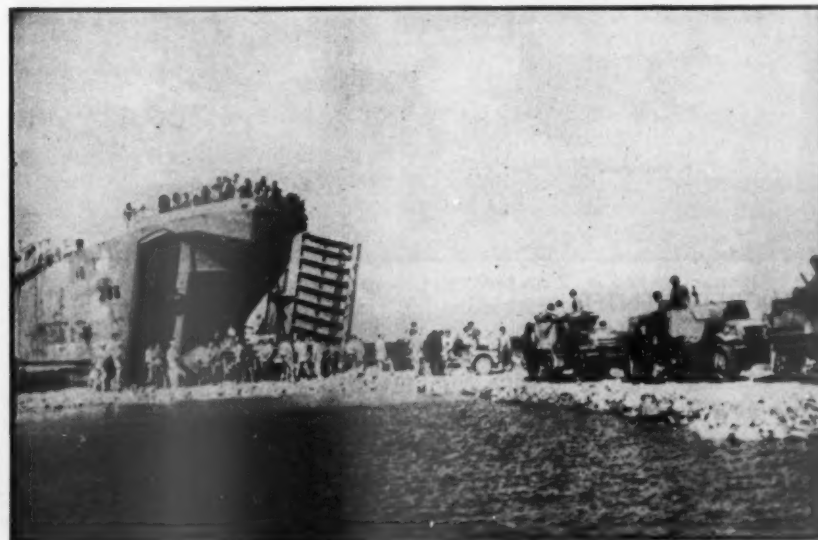
• **Reports from the Field**—Evidence of  
the troubles manufacturers and whole-  
salers are having in doling out their  
diminishing supplies is found in a Dept.  
of Commerce survey of the distribution  
of scarce goods. Published this week,  
the survey covers 69 manufacturers and  
205 wholesalers in the grocery, drug,  
confectionery and tobacco, dry goods  
and apparel, hardware, and furniture  
fields. Of those surveyed, only four man-  
ufacturers and 28 wholesalers claimed no  
serious problem in allocating goods.

Majority of the firms covered have  
been so seriously troubled by the prob-  
lem of making too little go too far that  
they have worked out definite policies  
(which, in some cases, have evolved  
into systems approximating the com-  
plexities of consumer rationing). Fav-  
orite method of allocation has been to  
supply customers with a fixed percent-  
age of their purchases in a base period.  
A variation of this is to apportion goods  
to salesmen on the basis of their past  
sales records.

• **No Adequate System**—Although the  
survey indicates that most suppliers are

## CARGO SWALLOWER

Censorship now permits pictures of  
one of the Navy's ugliest but most de-  
pendable craft in several invasions to  
date. Designated the LST (Landing  
Ship-Tank), the big carrier has huge  
swinging doors at the bow to permit  
rapid unloading directly from ship to  
shore (below). Head-on, it resembles a  
tunnel (right) into which armored  
equipment is driven to cargo berths.





groping for a fair system of stretching their wares, it also shows that almost none of them have tried to cope with new customers, boom areas, and buyers cut off from other resources.

Thus far, WPB and OPA dictums on distribution have been couched in general terms. Last February, the two agencies issued a joint statement of policy urging suppliers to adopt fair practices in allocating scarce goods. Distribution clauses attached to conservation and limitation orders have been similarly vague.

● **Responsibility Settled**—It wasn't until WPB's Retail & Wholesale Trade Division was transferred to OCR early last summer that any one agency was clearly saddled with the responsibility for solving the distribution muddle. Under the general administrative order implementing this transfer, OCR was charged with "assuring a fair and equitable flow of consumer goods and related products through the distributive system." Hence, it's now assumed that distribution is OCR's baby.

So far, nobody has thought up an allocation system that won't make distributors cry "uncle" when the paper work starts snowing. Some officials are talking up a variation of the Canadian system. It would work something like this: Manufacturers and distributors would be told to supply their regular customers on a quota basis, at the same time reserving a percentage of their goods (say, 10%) in a separate pool. This pool would be earmarked for hardship cases by whatever division of OCR was designated to handle appeals.

## Tires to Ease Up

Authorized expansion of existing plants, plus reconversion of others, will help to solve the crisis in civilian tires.

The rubber industry has been given the go-ahead by WPB and Rubber Director Bradley Dewey to expand its tire fabricating facilities as a means of solving the civilian tire crisis.

● **A \$25,000,000 Rebuke**—The authorized expansion of \$70,000,000 represents something of a rebuke to the tire makers, for it's \$25,000,000 less than they had urged (BW—Sep. 4'43, p18) and confines the program with minor exceptions to existing manufacturing centers (Akron and Los Angeles will get the biggest shares). That limitation is in line with the Administration's belief that present tire-making facilities are not being used to capacity and that a better job must be done before the tire companies will be permitted to erect new plants.

That was the blunt ultimatum in William Jeffers' parting message to the industry just before he turned over the reins to Col. Dewey. According to Jeffers, there's a lag of fully 25% in civilian tire output which could be corrected with better labor-management cooperation in the industry.

● **Good Influence**—And Jeffers' terse comments already are proving a whole-

some influence in the trade. September civilian tire output will top first estimates, trade insiders predict, and several companies have announced the organization of labor-management campaigns aimed at reducing absenteeism, improving materials scheduling, and increasing the number of tires rolling off production lines.

Actually, the trade feels that its expansion arguments will result in the authorized outlay's being increased later if for no other reason than that the distribution picture has changed, justifying the erection of manufacturing facilities in new areas.

● **Old Story to the Union**—Meanwhile the limitation in the expansion program represents a victory for the United Rubber Workers (C.I.O.) which viewed the erection of new plants as a watering version of the old decentralization story of the past two decades.

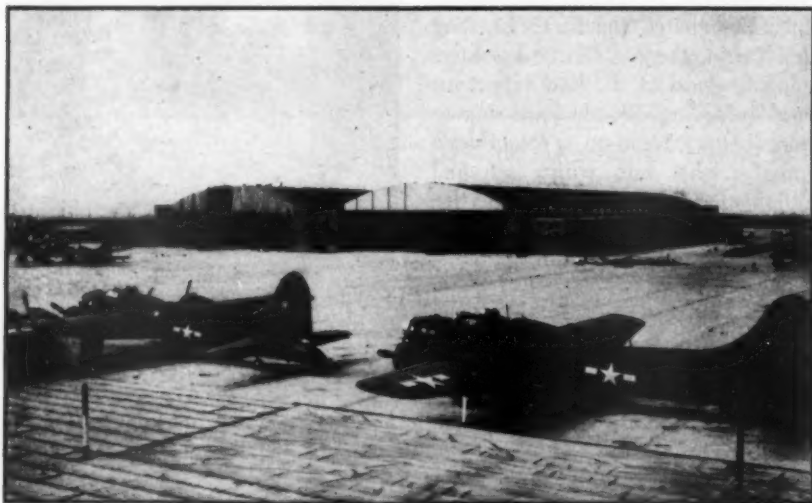
Meeting at Toronto, Ont., last week in annual convention, 315 U.R.W. delegates representing 160,000 rubber workers reiterated their opposition to further decentralization while pledging the cooperation of their local unions to obtain maximum production from existing facilities.

● **The Big Question**—Whether such cooperation is forthcoming is the big question in the industry, for part of the "lag" noted by Jeffers can be traced to industry spokesmen claim, to limit placed on production by the union to the interests of maintaining piece-rate wage levels. The limits on production in the Akron area are believed the major reason for plans announced by General Tire & Rubber Co., fifth largest firm in the trade, for the erection of a tire plant in the Southwest.

General's plans, which have been approved by WPB, are based on the ready availability of raw materials—butadiene, carbon black, sulphur, and cotton—that area. The firm's argument is that the output per man at Akron has been cut from 60 to 47 tires per day.

● **More Akron Tires?**—For Akron, the expansion will mean an expenditure of a minimum of \$8,000,000 and "possibly a lot more," according to Dewey. The expenditure in Akron, which formerly accounted for about 40% of the nation's tire production, will mean that some nontire rubber war contracts may be taken elsewhere so that the rubber capital's critically short labor force can use its skill for producing as many as possible of the 30,000,000 civilian tires and 20,000,000 truck, bus, and combat casings required next year.

Certainly a prime reason for WPB decision to expand existing facilities is that such an enlargement will result in a greater volume of tires per dollar that would be realized by erecting new plants. That's why Akron observers privately guess that the city ultimately may handle up to 50% of the tire



### CONCRETE CENTER

Ninety acres of concrete provide a vast worktable on which to revamp and outfit B-17 bombers at the Army's new \$5,000,000 modification center at Denver's municipal airport. To begin operations next month under Continental Air Lines, the plant will be

able to handle seven times as many bombers as are now being modified by Continental in two National Guard hangars, both to be retained as parts of the new center. In addition, two new hangars (above), each 600x400 ft., will be able to house any known type of war plane. Denver hopes to acquire the new facilities after the war.



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cket, when the expansions are coupled with new facilities which the city's major companies have put up this year. Goodyear, for example, has spent more than \$3,000,000 for equipment and machinery this year, and under the new program, another \$500,000 to \$1,000,000 will go for Banbury mixers and other milling equipment used in processing the rubber.

**Deferments Studied**—Still unsolved is the industry's manpower shortage. At Washington, the War Manpower Commission is studying plans for draft deferment for eight to ten categories of rubber workers, including tire builders, sheet cutters, calender, mill, and Banbury operators, supervisors, rubber compounders, and others.

Another means of relief to the industry is the reconversion back to tire manufacture of facilities now spewing out other rubber products, or armament. Two already have been announced: The Eau Claire (Wis.) Ordnance Plant, formerly the Gillette tire plant of U. S. Rubber, will cease turning out small ammunition, as will the Allegheny Ordnance Plant of Cumberland, Md., formerly a Kelly-Springfield tire plant, a Goodyear subsidiary. More such reconversions are in the works.

## Up with Rockets

**Trend of events indicates jet propulsion, already used in war missiles, may be closer as power for airplanes.**

Three recent events have caused new speculation about the progress of deeply veiled scientific research in rockets, jet propulsion, and remotely controlled aircraft:

(1) In his Commons speech last week, Prime Minister Churchill mentioned a "sort of rocket-assisted glider" used by the Germans, controlled by radio from a mother-plane and carrying explosives like a bomb.

(2) Appearance in Washington of the famous "bazooka" rocket gun indicates it has outlived its initial surprise value to the enemy.

(3) The very significant but little noticed announcement that a new organization, Aerojet Engineering Corp., had been formed in Pasadena, Calif., with membership including such brilliant rocket researchers as Dr. Theodore von Karman and Dr. Frank J. Malina of California Institute of Technology. Both these men have been busily engaged in jet propulsion studies for many years.

**Not for Space Travel**—To understand rockets, they must first be divorced from the moon, and it must be realized that the last quarter century of rocket research, exemplified in this country by



## PARTY FOR A MOTOR

Pratt & Whitney, which has been making the Wasp series of plane engines since 1925, knocked off last week for a brief production party at the

East Hartford (Conn.) main plant. Guest of honor: the 100,000th Wasp motor. In addition to components machined at the main plant and five satellites, the engine contains 10,000 parts made by subcontractors.

the work of Dr. Robert H. Goddard of Clark University, Worcester, Mass., has been directed first toward the development of a new type of power source and only secondarily toward space travel. But reaction or jet engines must not be confused with missiles of various types remotely controlled by radio or other means. In the latter instance, the emphasis is placed on the means of control rather than the type of power plant.

The German equipment mentioned by Churchill was probably a radio controlled glider bomb, but it might have been almost anything else from an aerial torpedo to a full sized robot airplane. It is no secret that, many years before the war, Wright Field engineers were experimenting on a radio controlled plane, but the story of subsequent work on controlled missiles may be long in coming because such devices are inherently self destroying and not often captured by the enemy.

• **Power-per-Pound Radio-Rocket** enthusiasts were stimulated in 1936 by a Smithsonian Institute report by Dr. Goddard showing that he had succeeded in constructing a 5-lb. rocket developing 1,030 jet hp., or 260 hp. per pound, and using liquid oxygen and gasoline as fuel. This amazing concentration of power fired the imagination of aircraft engine designers whose brilliant work had succeeded in reducing power plant weights from more than 12 lb. to about 1 lb. per hp.

Maximum speed in one of the rocket flights reported by Dr. Goddard was 700 m.p.h. and range about two miles. But this Goddard rocket was a long way from a practical aircraft power

plant. Somewhere between the concentrated rocket power pack and the conventional engine, there had to be a usable compromise, and engineers have been working toward that end ever since. Dozens of fuels have been tested, some liquid, some solid, and some gaseous—many too dangerous to carry around in an airplane.

• **Many Problems**—Fuel container weight, plumbing weight, and safety have been major problems where high explosives have been tried. For these reasons, it is a safe bet that the first really practical rocket-powered plane will be a compromise and will use some fuel no more romantic than ordinary gasoline. Some avenues of experiment would indicate that fuel rationing in the next war might include certain inert gases which, when mixed in a combustion chamber, become a powerful explosive.

Jet propulsion is attractive in military aircraft because it would eliminate most of the noise; there would be no propeller din and relatively little exhaust roar. Ability to generate great speed quickly has obvious advantages but entails its own handicaps. Both quick acceleration and very high maximum velocity would be hard on fliers and equipment.

• **They're Fuel Eaters**—Range is a difficult problem for jet engine designers. Because high power is developed in a very short time, fuel is consumed very rapidly. This inherent difficulty might also indicate that first successes would be compromises between the pure rocket principle and present types of power plants.

The Italians flew one form of com-



## PREFAB ROAD—POSTWAR

At Darien, Conn., a 48-ft. section of prefabricated steel highway is undergoing tests for wearing qualities and postwar possibilities. Installed by New

York's Irving Subway Grating Co., the experimental stretch employs the same principle as portable landing mats used by Army planes, the grating being laid in 2x12½-ft. panels, filled with sand, surfaced with road oil.

promise during the week preceding Pearl Harbor. A regular airplane engine and blower, built into a hollow section of the fuselage, acted as a supercharger for a combustion chamber which exhausted rearward in a high velocity jet to provide propulsive power. This design was reported to have flown, with two passengers, the 300 miles from Milan to Rome in 2½ hrs., with one stop, presumably for fuel (BW—Jan. 3 '42, p41).

• **Progress Recorded**—The Caproni-Campini design, obviously lacking in range, was based on a principle discarded by our engineers several years earlier. Since then, much progress has been made in this and other directions.

Conservative technicians have felt that the first practical application of rocket power would be for assisted takeoff of overloaded airplanes with conventional engines, for momentary bursts of speed in the air, or for launching gliders. All of these have been tried. As the problems of fuel and range were licked, it was believed by the sounder minds that this intermediate development might evolve toward a plane completely powered by reaction engines. But, in the present international battle of brains, it is not impossible that the intermediate stage may be skipped.

• **Widespread Impact**—Some automotive manufacturers and executives in other industries have given much thought to the impact on existing industry of a new type of highly concentrated

power unit requiring no mechanical devices for the transmission of rotational power. Not only the makers of automotive and aircraft equipment, but also the producers of fuel would be affected. So would the makers of railway equipment and even ships.

A rocket-powered automobile was driven successfully on the straightaway in Germany by Fritz von Opel, as early as 1928, and four years later a rocket car capable of competing with other racing cars was on the track at Wichita, Kan. With 1-lb. rockets, a speed of 50 m.p.h. was attained in the race. When 2-lb. rockets were used, speed increased to 115 m.p.h. But these cars were impractical because of limited range, accelerations too high for bodily comfort, and the use of highly explosive fuels—hazardous to drivers and onlookers alike.

In 1929, von Opel made a two-mile flight in a plane with rockets attached beneath the wings. The flight ended in a fire.

• **First Space Soarer**—It is not generally known that the Germans conducted what was probably the first flight of a man-carrying rocket in great secrecy on the Baltic Island of Rugen Nov. 5, 1933. After the death of the original designer, in an earlier experiment, Otto Fischer was launched in the 24-ft. rocket, reported a maximum altitude of 32,000, and landed the machine with the aid of a parachute 10 minutes and 20 seconds later. Whether Fischer and his brother Bruno will go down in history as the

Wright brothers of astronautics remains to be seen.

Germany must be credited as the birthplace of rocket development, as Prof. Hermann Oberth, a brilliant astronomer, mathematician, and physicist has written the classic book on the subject of rocket propulsion. It is not recommended reading for anyone who has difficulty in understanding Einstein. Many man-years of extremely hazardous research have gone into the subject of the huge Raketenflugplatz near Berlin.

• **Other Foreign Efforts**—French authority is inventor Robert Esnault-Pelterie who will be remembered as having come to this country a decade ago with the avowed intention of suing all aircraft manufacturers for infringement of patents he claimed to possess on the airplane control stick. Esnault-Pelterie sacrificed two of his fingers in rocket experimentations. At Leningrad, Prof. Nikolas Rynin has contributed much to this research. Societies aggregating about 1,000 members in Europe formerly supported this work, but the subject has recently received government support.

In this country, leaders include scientists as Dr. Goddard; Dr. von Karman, world authority on aerodynamics and vorticity; Dr. Malina; G. Edward Pendray of Westinghouse; Dr. E. Myers; and others.

Man has worked wonders with the wheel, and rotary motion will always have an important place in mechanics. But there always will be energy loss in converting rotary motion to translational motion. The time may be near at hand when some vehicles will be propelled by a push instead of a twist.

## Tri-State Controls

Pennsylvania, Delaware and New Jersey lumped together in administration of regulations over hiring and firing.

Mandatory control over the hiring and transfer of workers under the minimum provisions of the War Manpower Commission employment stabilization plan (BW—Aug. 21 '43, p14) has been established in the third regional area comprising Pennsylvania, New Jersey and Delaware. Experience in this area is helping to guide other district offices in drawing up their regulations in preparation for an Oct. 15 deadline and gives employers and employees in other sections an idea of what to expect.

• **Optional Provisions**—It is a basic plan incorporating certain mandatory War Manpower Commission regulations and allows the inclusion of special optional provisions to apply in specific areas within the district. Frank L. McNamee, director of the Philadelphia office, explained the plan is based

*What's in a  
Convoy?*



As a noteworthy instance, 700,000 different items of equipment and supplies in varying quantities crammed the convoys that carried American armies to conquest in North Africa—250,000 different items of ordnance; 100,000 different Engineer Corps articles; 68,000 different items of medical supplies and drugs; 10,000 different items for the Signal Corps; 390 different articles of clothing.

Countless hours of planning and figuring, as these statistics suggest, are essential in establishing the types and quantities of items needed . . . amassing them at the assigned embarkation points . . . dividing them strategically among the ships, to minimize the danger of crippling loss of any one item.

Allied superiority in the science of supply is increasingly obvious day by day. To the vital figure work involved, Burroughs adding, calculating, accounting and statistical machines bring a speed and an accuracy indispensable to the magnitude of the undertaking.

BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICH.

### *Manufacturing for War*

The manufacture of aircraft equipment for the Government and the manufacture of Burroughs figuring and accounting equipment for the Army, Navy, U. S. Government and the nation's many war activities, are the vital tasks assigned to Burroughs in the Victory Program.

★  
**BACK THE ATTACK!**  
**BUY MORE WAR BONDS**

★

# Burroughs

URING, ACCOUNTING AND STATISTICAL MACHINES • NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES



# Gi Package

## THAT SOLVES A LOT OF PROBLEMS

- Does not require critical materials
- Simplifies production
- Economical to produce
- Saves labor
- Attractive, neat, durable



**S**MALL paper bags, easily obtainable, closed after filling by Union Special 60000 C Sewing Heads are ideal packages for grocery staples, flour, sugar, powders, chemicals, dehydrated foods, dog food and a host of other products. The 60000 C machine automatically applies a tape to each side of the bag top, sews through tape and bag, clips the tape between bags and trims the bag top. Matches output of fastest filling equipment. A modest investment. Nothing else like it. Write for details. UNION SPECIAL MACHINE CO., 408 N. Franklin St., Chicago 10, Illinois.

**Union Special**  
FILLED BAG CLOSERS

on the principle that new hiring from essential or locally needed activities will be permitted only if such hiring will aid in the prosecution of the war.

The major change seems to be the one providing that any worker who, in the preceding 60 days, was engaged in an essential or locally needed activity may be hired only upon presentation of a statement of availability from his most recent employer or from the U. S. Employment Service. Under the old system, the waiting period was 30 days, after which he could be hired without restriction.

• **Approval Required**—Other revisions include the need for USES consent before newcomers in a community may be hired. Similar approval is required for farm workers desiring to leave agricultural work for more than off-season, temporary periods; in addition, they require the approval of the War Food Administration. Employers may solicit only those workers who may be employed in accordance with the provisions of the stabilization plan and must continue to give advance notice of any layoff, regardless of the number of persons involved.

Responsibility for issuing statements of availability under specified conditions

rests with employers, and if they deem the matter is referred to USES. The conditions include the discharge of a worker, or other termination of his employment by the employer; indefinite layoffs, or those exceeding seven days; undue hardship from continued unemployment or substandard wages. Both have the right to appeal.

• **Special Measures**—Seven of the district offices under the jurisdiction of the Philadelphia regional office have exercised their right to incorporate special measures. Most stringent of these apply to the Newark-Paterson area where there is always a heavy change of employees with New York City. It provides that workers in essential or locally needed activities switch to the other area after the 30-day waiting period only with USES consent. The same applies to workers entering the area for employment.

Wilmington and Trenton bar mention of wage rates or total earnings in advertisements for workers. They also forbid solicitation for employment of workers in essential activities. Camden requires utilization of the local labor supply before recruiting workers outside its commuting area and only with USES permission.



## MESSAGE FROM MOSCOW

The nation's Third War Loan whirled to a successful close this week in a flurry of high-pressure salesmanship—and not the least unusual appeal

was the message from Premier Stalin read at a Washington rally by Sgt. Maj. Gen. Alexander Balaev. By photographic fluke, it might appear that Secretary Henry Morgenthau was more pained than pleased.



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## Little Giants in Industry

These, too, are Baldwins. These industrial diesel-electrics look small but they pack a lot of power—power enough to move long lines of cars in railroad yards and around industrial plants—move them with speed and economy.

Today, Baldwin diesels are helping to win a war by handling raw materials and finished products in shipyards, ordnance depots, mines and steel mills. Still others are hauling supplies at the fighting fronts. To keep these goods moving is the most important job in the world today.

This is only a part of the Baldwin story. Divisions and subsidiaries of this century-old locomotive builder are manufacturing a great variety of products. Army tanks, ship propellers, hydraulic presses, testing equipment and

diesel engines are but a few of the more important ones.

When victory comes, many of these same Baldwin products, and others that are new, will help to build a better peace-time world.



## BALDWIN

*The Baldwin Locomotive Works, Philadelphia, Pennsylvania:*  
Locomotive & Ordnance Division; Baldwin Southwark Division;  
Cramp Brass & Iron Foundries Division; Standard Steel Works  
Division; Baldwin De La Vergne Sales Corp.; The Whitcomb  
Locomotive Co.; The Pelton Water Wheel Co.; The Midvale Co.



**Baldwin serves the Nation which the Railroads helped to build •**

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When a launching date  
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## BASKET WEAVE CABLE...

A shipyard was "stumped" for a quantity of basket-weave electrical cable urgently needed to complete a group of tankers. Unless the cable could be delivered on the job within 24 hours, construction schedules would bog down, launching dates would not be met.

Feverish activity in the yard's purchasing department failed to turn up a single foot of cable. One of their calls went out to GRAYBAR. But even GRAYBAR's knowledge of cable manufacturers served only to verify that none of the missing "basket-weave" was to be found in stock.

Then Graybar ingenuity swung into action. A call to the GRAYBAR office in a neighboring city revealed that a shipyard there had received

a shipment of cable of the type required. Upon explanation of the urgent need, arrangements were made for this customer to "borrow" enough to meet the emergency. Before the one-day deadline was up, the cable reached the job, and construction proceeded according to plan.

This is but a sample of GRAYBAR flexibility in furnishing electrical materials to be installed in ships, planes and ordnance... production items as well as construction items. In your day-to-day purchases of electrical supplies, you'll find GRAYBAR equally successful at expediting delivery, at fitting in with your purchasing procedure, at saving buying time all down the line. Why not check with GRAYBAR today?

# GraybaR

MOBILIZATION POINTS IN OVER 80 CITIES

Executive Offices: GRAYBAR BLDG., NEW YORK 17, N. Y.

Bringing together more than 200 manufacturers... 20,000 customers



## WPB Simplifies

More speed and less paper as the field offices get added powers. Small users are placed on an annual basis.

For business men, the biggest advantage of the War Production Board's new decentralization plan is that it will cut down their dealings with Washington. It may not reduce paper work 25% to 40% as some WPB officials hope to fully predict, but it will transfer more work on small operations to the field instead of routing almost everything through headquarters as is done under the present setup.

The new program gives the 13 regional offices more authority in handling priority applications and requests for permission to undertake industrial projects. It also enlarges their power of appeals under allocation and limitation orders. Specific changes stack up like this:

- **PD-1A Applications**—On these calls for priority assistance, the field offices will have complete authority immediately over applications covering up to \$1,000 value. After 90 days they will handle applications up to \$2,500. Formerly, \$500 was the limit for field processing.

- **Industrial Projects**—Requests for permission to undertake an industrial project and for the necessary priority assistance will now be handled by the field offices if applications do not run above \$10,000 value. After Jan. 15, 1944, everything up to \$25,000 value will be taken care of in the field.

- **PD-333 Applications**—On these emergency applications for priorities to get a contractor out of trouble that threatens production, the field offices will, after 60 days, be set to process everything up to \$1,000 (present limit \$500). After 60 days they will put through everything up to \$2,500. However, for the present, they will not have authority to grant AAA emergency priorities.

- **Appeals**—Field offices, which now handle appeals under 60 "L" and "M" orders, will get jurisdiction over appeals under 136 additional orders. After 60 days, they will have authority to deny appeals in all cases and to grant appeals in ordinary cases. Approval of appeals in special cases will have to come from Washington.

Along with the decentralization program, WPB announced a change in procedure under the Controlled Materials Plan designed to cut paper work. After the first quarter of 1944, about two-thirds of the CMP 4-B applications (small users) will be handled on an annual basis instead of quarterly. According to WPB's figures, about 5% of the carbon steel allocations now account for 80% of the paper work. By putting the small users on an annual basis, WPB hopes to simplify the whole CMP setup.

# ool Deal Aired

WPB probes charges that 1,000,000 of items from Wright engine contract moved as scrap 40¢ a lb.

The oncoming problems of disposing of surplus left over from military contracts are being epitomized in Detroit, where charges were made last week that 1,000,000 in tools was sold, mostly as scrap, for about \$76,000.

Washington began inquiry into the matter this week. The outcome probably will hinge on whether the tools are standard and usable equipment, or obsolete and special-purpose stock. Most of the cleaned-out tools have ended up in outlet stores, whose operators figure they can find a ready market for their latest acquisitions.

**Engineers' Second Guess**—The tools included around 100,000 drills, taps, cutters, broaches, abrasive wheels, and other bits, even some blank tool steel rods. They were bought for Studebaker's Wright aircraft engine contract, but engineering changes made it necessary to replace them with new tools. Official orders then moved them to Detroit, starting early this year, for storage in an Army Air Forces warehouse.

There the tools were put on display for sale at the prices originally paid for them, for distribution only to prime contractors with high priority ratings. Tool men who looked them over at that time estimated that about half the stock consisted of standard, catalog-

**Price Fight**—Sales were slowed, however, by the price tags. The tools had originally been bought as emergency requirements, it was explained, and a good deal of overtime work went into them, raising the costs. In the then current market, the tools were considered generally somewhat high-priced, even though Army officers now maintain they are just the opposite. At any rate, there were scattering sales, and then business languished.

On July 26, a WPB official wrote the Army Air Forces that the tools were obsolete and should be cleared out by any means necessary, to economize on warehouse space. The AAF took the bait literally and sold the remainder of the stock on a bulk basis, at 40¢ a lb. The matter had been all but forgotten when an unidentified manufacturer complained about it last week to a Detroit reporter. The newspaper outcry followed.

**Higher Authority Blamed**—The AAF steadfastly maintained that it acted on orders "from higher authority." WPB sees evidence of standing on its claim that the tools were obsolete, special-



## WOMAN VS. WOMEN

Mrs. Helen Sprackling and one of her battle emblems (above) represent the liquor industry's heavy artillery against national prohibition's return. As head of the new women's division of Allied Liquor Industries, Inc., Mrs. Sprackling, author and editor, will fight the epidemic of local option elections by which dry forces hope to sneak in a repetition of World War history. Thus far her poster can claim a nar-

row victory in Kentucky where wets squeaked through with 1,400 votes to keep Pike County as its 6,000 service men "left it." But tougher fights loom in other parts of Kentucky (already 42% dry), and in Pennsylvania, Georgia, and Arkansas. With men of drinking age at war, these election petitions come mostly from women's temperance groups which boast 7,000 victories in 10,000 local balloting since repeal. Against them, Mrs. Sprackling is turning her campaign.

purpose equipment whose value collapsed when the Studebaker job was changed. Whether the matter can ever be proved one way or another is questionable, for so far as is known no complete catalog of the scattered stock exists, although partial lists, put out last July, still repose in a few Detroit files.

## Navy Is Balked

Lincoln Electric president rebels at \$3,250,000 refund from 1942 income; it looks like first renegotiation showdown.

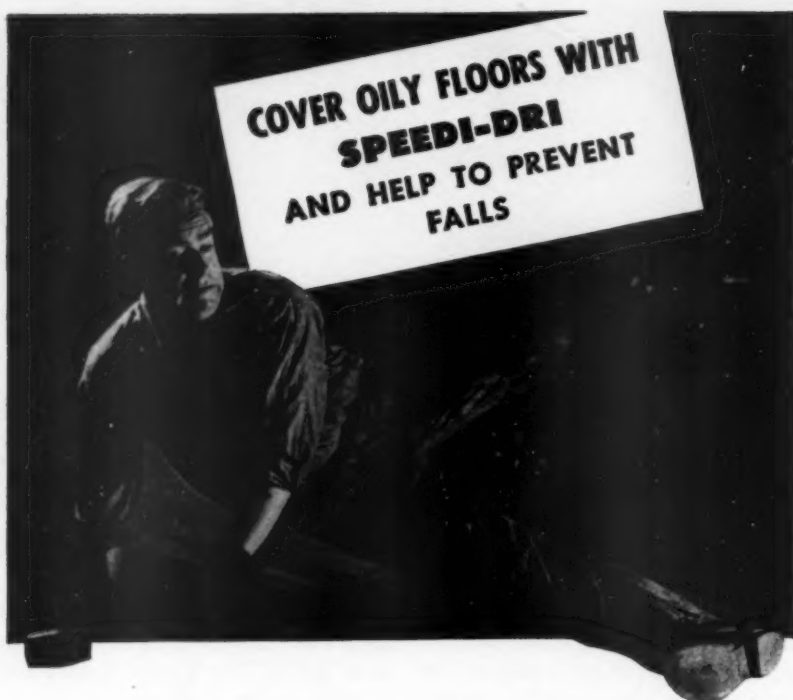
While the Ways & Means Committee beats its head against the legal and equitable problems of contract renegotiation, the Navy's price adjustment board is working up to what looks like the first real showdown with a war contractor. Big, handsome James F. Lincoln, president of the Lincoln Electric Co., Cleveland, stalked out of the Navy Bldg. last week end vowing that he would never make the \$3,250,000 refund the board had just asked. Back

at his hotel, he promptly sent a letter to Chairman Robert L. Doughton of the Ways & Means Committee asking for a congressional investigation, concluding "we will resist to the end, but alone we are helpless."

• **A Typical Case**—Lincoln's case is more or less typical of the efficient, low-cost manufacturer who finds renegotiation particularly galling. In 1937, he did a gross business of about \$11,000,000, clearing \$2,985,000 before taxes and \$2,336,000 after taxes. In 1941, his sales were \$24,000,000; his net before taxes \$5,721,000; his net after taxes \$2,866,000. In 1942, sales were about \$34,000,000, and net before taxes and renegotiation was \$9,008,000. Between 1937 and the end of 1942, capital invested in Lincoln Electric increased from \$7,684,000 to \$15,912,000.

Complicating the Lincoln case is the fact that the Treasury has disallowed profit-sharing incentive bonuses to employees as deductions from taxable income in 1940 and 1941. This leaves the status of 1942 bonus payments in doubt and makes the company's tax bill uncertain. Before his meeting with the renegotiation board, Lincoln estimated income after taxes for 1942 at





**Number One cause of industrial accidents is FALLS.** Many falling accidents are caused by slippery floors—floors soaked in oil or grease. You can effectively control this hazard in your plant by covering your oily floors with **SPEEDI-DRI**, which provides an immediate non-skid surface and rapidly removes entirely the film of oil that causes so many accidents. **SPEEDI-DRI** soaks up oil like a sponge, even drawing old oil from wood, concrete, or metal floors.

If **SPEEDI-DRI** did nothing but reduce your accident experience, it would be well worth its moderate cost. But it does much more. Light in color, it improves plant visibility by light reflection. It saves workmen's shoes from oil-rot. It is an effective fire-retardant. Because it can be spread by hand and easily removed, it conserves vital manpower. It eliminates the need for expensive scouring. It does its work while the shop is in operation, without interfering with production for a moment. **SPEEDI-DRI** makes your shop safer, cleaner and brighter. Casualty companies actively recommend its use!

**SPEEDI-DRI** costs less per square foot of floor coverage than any other effective method or product! For proof, send for a **FREE SAMPLE** of **SPEEDI-DRI** and test it yourself. (If you use water-soluble oils, or if water is also present, ask for **SOL-SPEEDI-DRI**.)

See us at Booth 97, 32nd National Safety Congress and Exposition—  
October 5 to 7, Sherman Hotel, Chicago

**SPEEDI-DRI**  
OIL AND GREASE ABSORBENT



#### SUPPLIERS

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REFINERS LUBRICATING CO.  
New York 1, N. Y.

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WAVERLY PETROLEUM PRODUCTS CO.  
Philadelphia 6, Pa.

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WAVERLY PETROLEUM PRODUCTS CO.  
Russ Building, San Francisco 4, Calif.

Prompt Service from Warehouse Stocks in Leading Cities

#### SAVED: 4.4 BILLIONS

American industry has repaid \$2,141,366,000 to Uncle Sam on war contracts by renegotiation in the 16 months ended Aug. 31. On top of that, price reductions on work already on order but not yet delivered will save the procurement agencies an additional \$2,262,742,000, making the total \$4,404,108,000.

These figures do not include the benefits received by the government in the form of lower prices written into new contracts now that ordnance manufacturers have found out what their costs come to. And, while a lot of the money saved would have gone back to the government in taxes even if it had not been recovered by renegotiation, it is estimated that contractors would have been able to retain 25% to 30% or even more.

\$2,563,000. Refunding \$3,250,000 before taxes would bring the net after taxes down to about \$2,000,000. Lincoln says further tax adjustments might cut it to \$1,700,000.

● **Up to Forrestal**—With Lincoln stalling pat on his refusal, the case now goes to Under Secretary James V. Forrestal for review. What happens after that pretty much anybody's guess. In half-dozen previous cases where contractors have refused to make an agreement with the price adjustment board



James F. Lincoln and his Lincoln Electric Co. are challenging the Navy to a finish fight over renegotiation. The winner's "purse" \$3,250,000.



DAVE CHAPMAN  
Industrial Designer

## H How the future will look to your secretary!

ASIDE from her dreams of flying in a helicopter ... how will the future affect your secretary's daily life? It's our guess that there will be just as many letters to get out every day. But with a difference!

When you replace her typewriter after the war ... it's likely the model you buy will conform to the ideas rendered here by Mr. Chapman. For he says ...

"This particular design is based upon electrical operation. Thus the travel of the keys would be a scant eighth of an inch. Ask any girl, who really has to pound a typewriter all day, what this saving in effort and energy would mean to her efficiency. The carriage, spacer, and 'cap' key are also electrically operated. And the machine is lighted from within so that the vagaries of office lighting do not have to be depended upon. The hous-

ing and keys, as well as many working parts, would be molded of Durez plastics. *And why?* First, they offer substantial reductions in weight. Second, Durez plastics are non-reverberating so they will not transmit machine noises in operation. And third, they offer the manufacturer real mass-production economies."

We wish we could tell you when such typewriters will come on the market. But we can tell you Durez plastics are doing their full share, serving our fighting men who are speeding the day when we can return to a peacetime economy. Durez Plastics & Chemicals, Inc., 550 Walck Road, North Tonawanda, N. Y.

# DUREZ

PLASTICS THAT FIT THE JOB

BUY UNITED STATES WAR BONDS AND STAMPS ★

Business Week • October 2, 1943



## A MOVEMENT to end the war

Night and day... month after month, Mobilifts are moving, stacking and loading an endless procession of war materiel destined for our far-flung battle fronts. Our army warehouses have learned the efficiency and versatility of these tough little giants.

For the past two years our entire output has gone to the army. Now an increasing number of units are being made available to essential industries.

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the under secretaries of War and Navy have upheld the boards, and the contractors have given in eventually. Forrestal decides to enforce the Navy board's decision, the easiest way to do it will be to withhold payments due Lincoln Electric. The Navy also can put on the pressure by refusing to give the company new contracts.

Lawyers aren't quite sure what Lincoln's next step should be. If the Navy starts withholding payments, probably he could sue in the Court of Claims. Until then, there isn't any established legal procedure. Although a good many contractors have bucked renegotiations none so far has taken it to the courts.

## More Ship Work

Chandlers, marine repair concerns, and other equipment suppliers do record business as war tempo quickens.

Rapid expansion of the United Nations merchant fleet has meant a steady increase in business for ship chandlers, marine repair companies, and other maritime enterprises in leading U. S. ports. Since the invasion of Sicily and Italy, the upward curve has sharpened into an almost perpendicular line.

• **Faster Voyages**—Behind the sudden improvement in the volume of orders Allied control of the Mediterranean, which means that up to 7,500 miles are chopped off round trips to Red Sea ports through elimination of the longer route around the Cape of Good Hope. For Liberty ships, this results in a saving of approximately 40 days running time, hence they are able to deliver more war material in any given period and appear oftener at American docks for stores, etc.

When the rush developed about six weeks ago, the industry was caught off guard, and many headaches developed over efforts to locate scarce items which in some instances were slow coming from manufacturers even under high priorities and had to be forwarded to the vessel's next port of call. Rationing of red tape proved another stumbling block, not so much on food as on gasoline for lifeboats and auxiliary engines.

• **Work Long Hours**—These were no new developments. They merely added to the existing problems of supplying and repairing ships under the quick turnaround necessitated by wartime conditions. Accomplishing this with depleted staffs is causing some firms to work their men 16 to 18 hours on busyest days.

In some instances, particularly with companies supplying deck and engine stores, it is just about impossible to utilize new employees since it takes



branch of the Armed Services uses the telephone. No. 7 of a series, Air Forces.



Over the interphone comes the bombardier's voice, "Bombs away!" Some day, some pilot will hear these words as the war's last bomb goes down. He will bring his crew home to their happiest landing—in a world where all men may look to the skies, not in fear of death, but in thankfulness for freedom.



Don't you help him?

A pilot is one of millions of men in the armed forces who need equipment that only your dollars can buy. Not just a few dollars here and there—but regularly—your dollar you can possibly invest in Bonds from now till Victory!



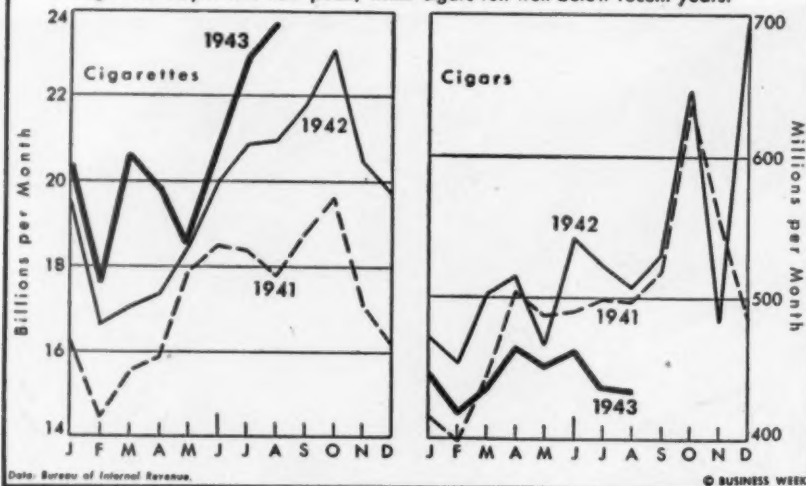
**Western Electric**

IN PEACE...SOURCE OF SUPPLY FOR THE BELL SYSTEM.  
IN WAR...ARSENAL OF COMMUNICATIONS EQUIPMENT.



## WAR SPURS SHIFT IN SMOKING HABITS

Cigarette output hits new peak, while cigars run well below recent years.



Output of tobacco products for civilian consumption has shown a diverse picture since the beginning of the war, as evidenced by Bureau of Internal Revenue figures based on sales of excise tax stamps. For cigarettes, a new all-time high was set in August, while tax payments on cigars indicated a level of output well below recent years. If figures for sales to the armed forces (tax free) were available, the to-

tal picture would not be too greatly altered. The peak for cigarettes would be even more marked, while cigars would still fall short of the comparable months of 1941 and 1942, although demand is higher. Chief reason for this situation is shortage of labor. Cigar making has always employed more workers than the totally mechanized cigarette industry, lost more than 17% of them last year.

months to acquaint them with marine nomenclature. If asked for fids, fenders, fog buoys, or toggle bolts, they would offer blank stares instead of the wanted rope splicers, paint savers, night convoy signals, or the special bolts for plugging machine gun holes in lifeboats.

• **Unusual Demand**—One Philadelphia company specializing in this type of business recently found itself with orders from 23 ships on hand in a single day, whereas that many in a month would have been considered good in the past. A few of these included complete stewards' outfits from coats and aprons to pots and pans. They had made the return trip from Africa with just enough equipment to get by, leaving the rest behind to supplement that of the armed forces there.

Marine laundries are having the same manpower headaches as regular laundries, only it is impossible for them to follow the others' example in extending delivery times. Very often every bit of linen aboard must be returned clean and ironed in 24 hours.

• **Small Ports Drafted**—Major overhaul jobs are not as frequent as in peacetime. The urgent need for bottoms to deliver the goods on time finds many vessels making an extra trip or two before laying up. When the rush developed, repair firms found themselves without facilities

to accommodate the work, and ships were diverted to smaller ports to circumvent delay in returning them to service.

Such a thing was almost unheard of in prewar days when foreign flag ships usually had repair work done in their home ports to take advantage of lower labor costs. Most observers expect, however, that for several years after the war ends England will be the only country able to resume repairing on a large scale since it still repairs many of its own boats. Other nations have had their shipyards bombed.

• **Putting on the War Paint**—The tempo of marine business in this country has been closely allied to war developments. First of all, the loss of German, Italian, and Japanese orders caused a mild lag until British and French ships arrived in greater numbers. Then came Pearl Harbor, and most companies used practically everyone who could wield a paint brush to change U. S. ships to war colors.

There was one period of about two months when scarcely any vessels were putting into U. S. harbors, and pessimists went around saying 90% of Allied merchant ships must be sunk, but the North African invasion news revealed their whereabouts. The same thing happened on a smaller scale prior to the Sicilian campaign.

## Happy Hunting

WPB lets down ban on use of ammunition by Nimitz partly to aid farmers but to bolster food supply.

For six weeks, beginning Oct. 1, sportsmen can apply for ammunition to hunt birds and animals under a fairly liberal WPB order that will hamper them nearly as much as the problem of finding a dealer who has the shells and cartridges to sell.

• **What the Rules Permit**—A hunter at least can ask for a box of .22's, a center fire cartridges, and a box of shotgun shells whenever his stock is 100 rounds of .22's (2 boxes), 200 fire cartridges (1 box), and 50 shotgun shells (two boxes). And he can use them up in killing wild life that threatens food crops.

WPB has even allotted 100,000 more .22's, in addition to the 200,000 promised in August along with 100,000 shotgun shells and 12,000 cartridges of six varied calibers.

• **Ammunition Made**—The main reason for this encouragement to hunting is an over-all increase in game, estimated at 10% above 1942, and the apparent fact that munition makers have the shells ready packaged. There's no need, though, that ammunition will be on dealers' shelves in time.

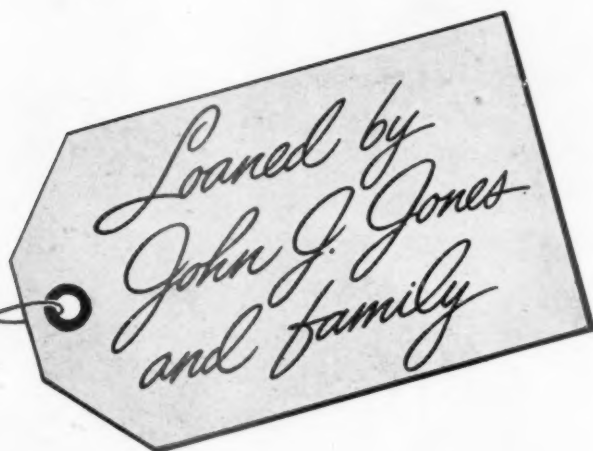
Last year 68,700,000 lb. of wild game, 60,000,000 lb. of venison, 3,000 lb. of wild duck and geese, 2,000 lb. of pheasant, and 9,000 lb. of elk meat formed the bulk of a 301,930-lb. kill—enough to feed a regiment of 700,000 soldiers for 365 days. For a similar addition to the diet this year, the U. S. Fish & Wildlife Service has been producing a list of why hunters should be encouraged.

• **Many Depredations**—Ducks and ants cause tremendous destruction among grain crops during the harvest season. In California's Imperial, Joaquin, and Sacramento valleys, for instance, their depredations on the crop have been a problem for 50 years.

Widgeon ducks are the pest around Puget Sound. For several years now, they've been arriving after the hunting season, and the inroads have made on the cabbage seed there is so serious that it is one of the reasons for price regulations on cabbage.

• **Starvation Problem**—Deer and browsing in winter, hurt orchard forests. But waste caused by destruction of wild animals is matched by waste of animals that starve to death—loss that might better have graced a table.

Many states are offering cut-



**G**ood for you, Mrs. Jones . . . and good for all your family! You're good Americans!

Back before she got married, twenty-odd years ago, Mrs. Jones was a crack stenographer and typist; and she's still mighty good. So with Army and Navy and war factories draining the young folks from office work, she heard the call. She's back at a typewriter—back at a good old L C Smith—and honestly getting a kick out of it.

It isn't easy . . . for her or for her family. But it's truly patriotic . . . and it's smart. She's doing work she knows how to do . . . using a skill already acquired . . . and putting the surplus income into additional War Bonds.

Mrs. Jones, we salute you! And we hope thousands of sister secretaries will follow in your footsteps!

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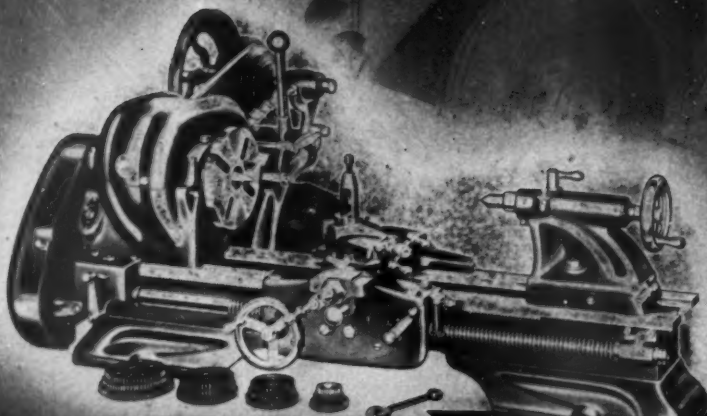


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F-SERIES

10" LATHES

CONDENSED SPECIFICATIONS

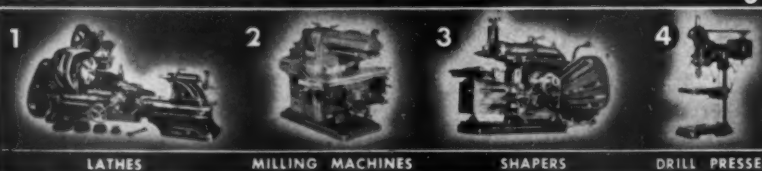
Swing Over Bed	10 1/4"
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Speeds	28 to 2073 RPM
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Range	4 to 96 per inch
Four Bed	
Lengths	18" to 36" centers

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**Atlas 4 TOOL TEAM for Small-Parts Machining**



censes to men in uniform whose happen to be within their borders no general loosening of licensing tions has been reported. The 8,000,000 licensed hunters and 12,000 licensed fishermen in the U.S. besides the many who, because of age or because of state laws, may and fish without licenses. The game, of course, makes it harder for to get into the woods.

## Glycerin Is Back

WFA lifts ban on its in drugs and toilet preparations and permits drugs 100% of 1940 usage; more fats for

The glycerin drought, which last March for all food, flavoring, cosmetic, dentifrice, and shaving manufacturers (BW-Mar. 27 '45, p. 8) over. In addition, the glycerin for drug manufacturers has been increased from 60% to 100% of usage.

• Food Bars Down—In lifting March ban, the Fats & Oils Branch of the War Food Administration let trade know that allocations will be made this month permitting consumption



## FOOD FLAG

As an incentive to food producers the War Food Administration this month will begin passing out Army-Navy 'E' award flags (above)—an idea patterned after the Army-Navy 'E' award program. Flags will go either to qualified counties—one to a state—or to individual food processors, principally on the basis of high production records but with other factors considered.

## FAIR TALK IN L. A.

A world's fair, right after the armistice, is Los Angeles' idea of a quick shot in the arm to revive tourist business, make jobs, fill the lag between booming war work and the actualities of peacetime production.

The project has already started a war of its own, for some Angelenos—including the Chamber of Commerce—protest that there is a war to win. But the Los Angeles County supervisors have appointed a commission to plan and overcome opposition.

Instead of centering on one site, there is talk of dispersing the exhibits around the county (three times the size of Rhode Island), thus scattering the crowds and avoiding any dispute over a single site—with helicopter buses to take visitors around.

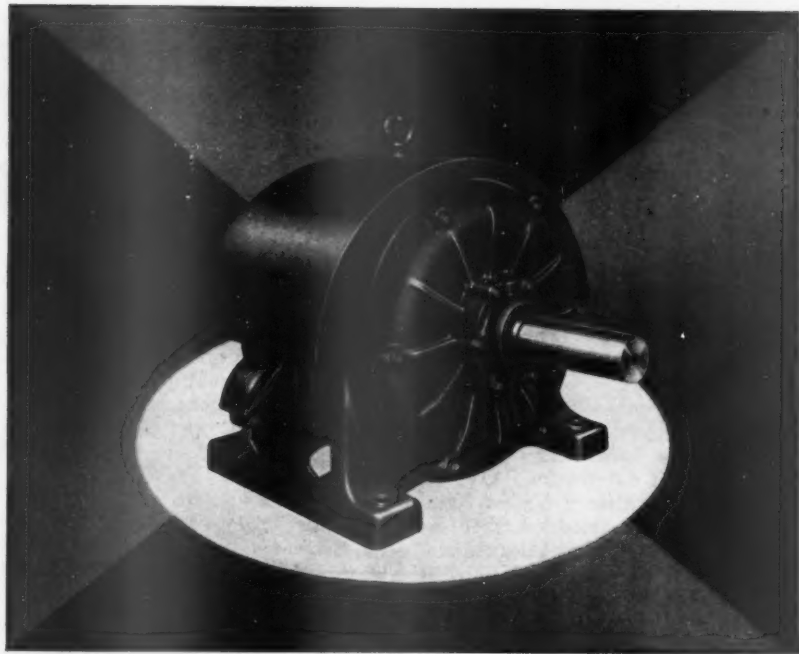
dentifrice, and snaving cream manufacturers to use 90% of their 1940 base period. All requests this month for use of glycerin in margarine and shortening will be granted, and all other food and flavoring requests for allocations will be granted up to 100% of 1940 usage.

The ban worked a particular hardship on dentifrice manufacturers who were unable to find a substitute for this wetting agent in their tooth pastes. After a search for substitutes, some found they could get by on corn sirup, sugar sirup, or a molasses sirup, but government controls made these hard to get, particularly for products which did not have prewar base periods.

**Soaps Get Fats**—Although government men always are inclined to take a pessimistic view of glycerin supplies, there are indications in Washington that the liberalized glycerin allocation program will last at least through the rest of the year, if not longer.

Liberalization followed a formal WFA statement that the fats and oils allocation for soap will be increased so that soap companies can hike their production by 28%. This increase in soap production is designed to set at rest recurring reports of imminent soap rationing.

**Imports Are Up**—WFA said that improved shipping conditions permitting increased importations of fats and oils, increased production of domestic fats and oils, and use of rosin and other nonfat soap extenders by some of the large soap producers will contribute to the increased production. The basic allocation of fats and oils for soap will be increased from 80% to 90% of 1940-41 use, but industrial soaps will get 110% and mechanics' soaps 150%.



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Ever since the company was established in 1891, Wagner products have maintained a reputation for dependable performance. This applies not only to Wagner electric motors, but also to Wagner transformers, fans, and industrial hydraulic braking systems.

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# Higher Oil Price?

Petroleum interests from Southwest and Midwest run to Congress, and PAW again aids them in plea for 35¢ rise.

The oil interests—and these include big chunks of the population in the states of Texas, Oklahoma, California, Louisiana, Mississippi, Illinois, and Kansas—again are storming Washington for a price increase on petroleum. And once more they're getting support from the Petroleum Administration for War. • **Want 35¢ a Barrel**—Donald Knowlton, production director for PAW, before a subcommittee of Senate Naval Affairs this week, revealed that his agency and the Office of Price Administration are still at loggerheads on what crude oil should bring in order to spur output. OPA, he says, still is advocating a price subsidy instead of the 35¢ a barrel advance recommended by PAW. Further, Knowlton agreed to send the subcommittee all the PAW-OPA correspondence relating to the argument.

Congressmen from the oil states are back in Washington with renewed determination to do something about oil prices. They hope to persuade Texan Sam Rayburn, speaker of the House, to lead a fight for legislative price fixing. Rayburn's home district, north of Dallas, doesn't produce oil, but anyone in Texas politics or business has to be sensitive to the oil situation. Rayburn, now considered a strong vice-presidential possibility, is no exception.

• **More Drilling**—To line up support from the East, the oil bloc will argue

that a price increase would induce a flock of big and little operators to start punching holes in the ground in the oil country, and that the ultimate result inevitably would be more oil and more civilian gasoline. An increase of 35¢ a barrel in crude oil price might raise the price of gasoline a penny a gallon. But, if A-card holders were to get another gallon or two a week, there aren't many who would haggle over price.

The physical factors involved in getting new operations started, such as procuring thousands of feet of steel pipe for each well, drilling, pumping, refining, and transporting, oil men agree, would delay the effect of a price increase on the gasoline supply about a year. And in another year, the crude oil output figures to be lower than it is now.

• **Aiming High**—The most optimistic oil men doubt that such arguments would result in forthright congressional boosting of oil prices. But they figure that the noise may reach the White House with consequent effect on OPA.

## On Thin Ice

That was the predicament of carbon dioxide industry until dry ice season waned. Next year it may be worse.

Carbon dioxide manufacturers heaved a sigh of relief as Sept. 15 ushered out the 1943 rush season for dry ice and liquid carbon dioxide, with probably not over a 25% shortage to most of their civilian customers despite tremendous and unprecedented wartime demands. There'll be plenty now until next June 15, but it looks bad for next summer.

• **Machinery Needed**—Increased production is stymied by lack of production machinery, rather than any shortage of raw materials. And even if the War Production Board should heed manufacturers' pleas for the critical materials to build additional production machinery, the additional facilities couldn't be ready until the 1945 season.

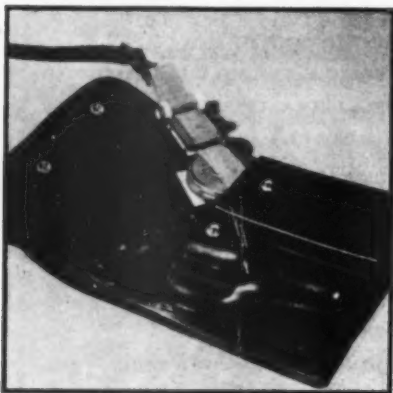
Natural carbon dioxide, compressed at the well into dry ice, accounts for only about 10% of the total U. S. production. It is produced in New Mexico, far from the heavily populated areas where it's needed most. Hence, most of the natural product goes to Southern California; some has been shipped as far as Kansas City, but this practice has proved uneconomical because of shrinkage.

• **A Summer Seller**—Normally the industry sells about seven times as much of its product in July as in February. Its chief customers are the ice cream industry, soft drink manufacturers, and motor freight operators who use it on



## LEND-LEASE LIBERTIES

In flag raising ceremonies at Richmond, Calif., the War Shipping Administration hands over the first of two Liberty ships lend-leased to China, thus giving the Chinese their first transoceanic shipping. Christened the S.S. Chung Shan (above) and the S.S. Chung Cheng, the historic vessels bear, respectively, the formal names of China's first president, Dr. Sun Yat Sen, and Generalissimo Chiang Kai-shek. United States retains title to both ships which will be operated by the American President Lines with Chinese crews.



## BELIEVE IT OR NOT

To keep their powder dry, New York's pistol-packing lady cops now sport swank cowhide utility holsters with a separate compartment for makeup kits. Designed, made, and donated by Coty, Inc., the bags have another pocket for money and handkerchiefs.

refrigerated trucks. This year these civilian users probably didn't get more than half the industry's production, which in prewar days was something like 400,000,000 lb. annually.

With dry ice manufacturers hard put to keep all their civilian customers supplied, the ice cream and soft drink producers had to bow to the transportation requirements, deemed more essential to a war economy. But since their production was limited anyway by shortages of sugar and bottle caps, not to mention production quotas, their reduced supply of dry ice and liquid carbon dioxide probably amounted to just another headache, rather than a major hardship.

• **A Useful Inflation**—One of the more dramatic wartime uses of compressed carbon dioxide is its employment in the inflation of life rafts and "Mae West" life preserver vests. One of the product's new industrial uses is softening aluminum by reducing it to a temperature of -40°F before it's fabricated into aircraft parts.



# UNDERGROUND MOVEMENT

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# THE WAR—AND BUSINESS ABROAD

## Business Dealt in on War Talks

**Elevation of Stettinius to unfamiliar diplomatic ground and Beaverbrook's admittance to the cabinet viewed as a nod to the industrialists in impending Anglo-Soviet-American discussions.**

Appointment of Edward R. Stettinius, Jr., Leo T. Crowley, and Herbert H. Lehman to new and more important posts in Washington must be viewed in international perspective.

• **How They Line Up**—From the Lend-Lease Administration, Stettinius moves into the post of Under Secretary of State, recently vacated by Sumner Welles. From the Office of Economic Warfare, Crowley moves to head a new high-ranking agency, the Office of Foreign Economic Administration, while retaining his jobs as Alien Property Custodian and chairman of the Federal Deposit Insurance Corp. Lehman relinquishes the directorship of the Office of Foreign Relief & Rehabilitation Operations—now subordinated to Crowley's OFEA—to become a special assistant to the President.

Almost simultaneously, Prime Minister Churchill boosted Lord Beaverbrook to cabinet rank—as Lord Privy Seal—and made other important promotions within the British war setup. Meanwhile, the Red Army captured Smolensk and hammered at other German positions along the Dnepr River.

• **Soviet Aid Advocates**—Already the promotions of Stettinius and Lord Beaverbrook to key war posts have been linked with preparations for the Anglo-Soviet-American conferences scheduled for later this month. Both men are advocates of all-out material aid to Russia, both have worked with Soviet representatives negotiating this aid.

Beaverbrook is expected to arrive in Washington shortly for consultations concerning British and American relations with Russia. Stettinius is expected to accompany Cordell Hull to the three-power meeting if the 72-year-old Secretary of State undertakes that mission.

• **Business Men Approve**—Appointment of Stettinius to the State Dept. staff is welcomed by business men who feel that international relations—particularly relations with the U.S.S.R.—require hard-headed negotiators for the protection of American economic interests in the postwar world.

It is increasingly evident that discussions now going forward and pending, whatever the constitutional limitations on the powers of the executive branch, are bound to affect the future pattern of world economic relationships radi-

cally. Selection of Stettinius, a man inexperienced in political or diplomatic maneuvering until he went to Washington, is taken to indicate Presidential recognition of this trend and of the need for arming the State Dept. with a spokesman whose language is familiar to executives.

In business, Stettinius was a vice-president of General Motors and later chairman of the board of United States Steel. He first became identified with the Roosevelt Administration's defense program as the man who brought up to date the 20-year-old mobilization plans of the government (BW—Oct.28'39, p55). Stettinius was a member of the National Defense Advisory Commission and its successor agency, the Office of Production Management, but with the creation of the WPB he was shunted off into lend-lease as administrator and became special assistant to the President.

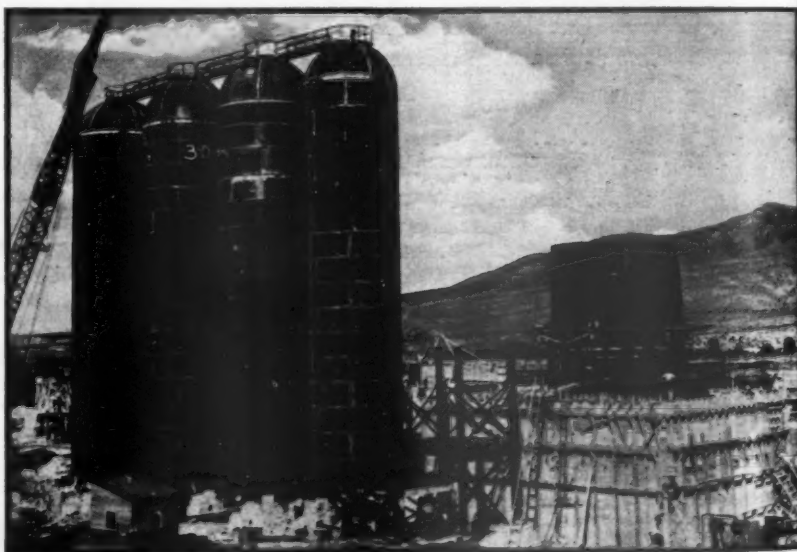
• **Reduce Bureau Conflict**—Creation of the Office of Foreign Economic Ad-

ministration—outside of but working closely with the State Dept.—will go toward reducing conflicts between Washington agencies here and abroad. It was the battle between Vice-President Henry Wallace and Secretary of Commerce Jesse Jones over the tangled operations of the late Board of Economic Warfare and the Reconstruction Finance Corp. subsidiaries that resulted in Crowley's appointment to head the Office of Economic Warfare and the creation of an Office of Foreign Economic Coordination in the State Dept. (BW—Jul.24'43,p5).

Subordinated to the Office of Foreign Economic Administration under Crowley will be the OEW, the Office of Foreign Relief & Rehabilitation Operations, Lend-Lease, and OFEC.

It is no secret that OFEC failed in its aim to rationalize and groove the foreign activities of war agencies now subordinated to OFEA. It is also well known that one important point of conflict was between Crowley's OEW and the State Dept. underlings staffing OFEC. Raised to a new level of importance in the Administration, Crowley will have the necessary rank to discuss policy matters that concern the State Dept. with Secretary Hull, Under Secretary Stettinius, and other top officials.

• **Roosevelt Scrutinizes Relief**—The appointment of Herbert Lehman to a position inside the President's private cabinet—paralleling Winston Churchill's so-called "second cabinet" on which it



### STEEL FOR MEXICO

At Monclava, Mexico, Armco International, subsidiary of American Rolling Mills Co., supervises construction of a steel mill to have blast furnace capacity of 110,000 tons of pig iron a year, openhearth output of 128,000

tons of steel. The rolling mill will be able to turn out 60-in. plates. Altoas Hornos, Mexican steel company, has put \$12,000,000 into the mill for which Armco is furnishing technicians and management. Over and above existing mills, Mexico needs about 250,000 tons of fabricated steel annually.

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may be patterned—indicates the President's recognition that he must keep close watch on the principles governing relief and rehabilitation operations as the war enters a phase in which Allied armies will reconquer vast areas of Europe.

As these administrative shifts in Washington and London pointed directly to the forthcoming attempt to dissolve the outstanding differences between the Anglo-American and Russian blocs within the United Nations, the published text of the proposed plan for establishment of a United Nations Relief & Rehabilitation Administration emphasized the need for unity among the "Big Four"—the U.S., Britain, China, and the U.S.S.R.

• **United Action—U.N.R.R.A.**, as it is described in the draft proposal for its establishment—submitted to all United Nations—is geared to united action by the "Big Four." Their representatives to the council of the U.N.R.R.A. would comprise the central committee empowered to act in emergencies without consulting the council, and without their unanimous consent, no major revisions of U.N.R.R.A. power, policy, or activities would be possible.

The basic considerations behind these recent shifts in administrators are in the main related to practical economic and material problems which will increase in importance as the war moves toward an end in Europe. But this is not the only area for dissension among United Nations, and solution of the political problems of Europe is sure to require all the skill and acumen of present leaders and may compel additional reshuffling of top personnel as the dimensions of the problems are recognized.

## Too Much Money

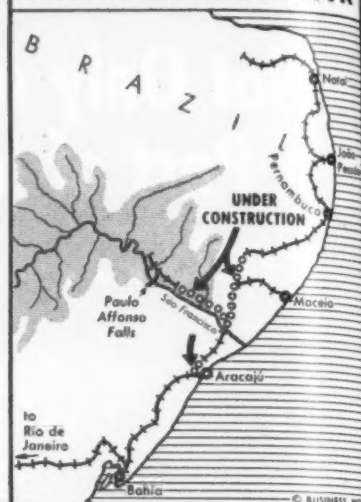
Rising circulation, refugee cash, and funds from exports flood Mexican economy; plans to sop up excess fall short.

MEXICO CITY, D. F.—The continuing rise in the total of money in circulation, only one feature of the increasingly serious Mexican inflation picture, has government and financial circles worried.

According to an official study just released, monetary circulation has grown 250% since 1934. During the same period, agricultural production increased in value by 46% and industrial output by only 50%, creating large idle funds which inevitably lead to a rising pressure on prices. Meanwhile, the total quantity of goods available in the country has continued to decrease during the war.

• **More Cash Money**—In the past, the increase of circulation has been relatively small and due mainly to govern-

## RAIL-RIVER LINK



In the interests of national defense Brazil is building North-South railroad links to expedite internal communications (BW—Jun. 5'43, p62). Along the route, an abandoned rail line which bypasses the Paulo Afonso Falls will be joined to the coastal line to tap the rich agricultural and livestock-producing regions of the Sao Francisco Valley (BW—Jun. 19'43, p101). Although primarily concerned with war-essential communications between air fields and coastal cities, Brazil is not forgetting long-range programs for the development of backward areas.

ment spending. Since 1942, however, the rise has been accelerating due to two new wartime factors: (1) the favorable trade balance (in 1942 the excess of Mexican exports over imports ran to around \$50,000,000), and (2) the great influx of foreign and repatriated Mexican capital (BW—Jul. 24'43, p46). Between April, 1942, and June, 1943, circulation media (notes, coins, and credits) increased \$220,000,000.

The logical way of disposing of such an excess would be through spending abroad, but since this is impossible, the government is attempting to freeze a large part as possible by increases in tax rates, the selling of a \$40,000,000, 6% internal loan, and the encouragement of gold hoarding.

• **Loan off to Good Start**—The first \$10,000,000 slice of the loan, launched in June, was fully subscribed in 24 hours and the banks are expected to absorb the remaining \$30,000,000.

Strange as it may seem, the gold hoarding program was less successful. In spite of widely publicized invitations to the public to buy specially minted 37.5-gram gold slugs, sold at their gold

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XIII. *High and Low Temperature Properties*.....  
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value, sales were not as large as expected, being consistently smaller than purchases of regular gold pesos:

Months, 1943	Gold Slugs	Gold Pesos
Jan. ....	\$27,294	\$259,052
Feb. ....	25,698	228,080
Mar. ....	36,446	364,150
Apr. ....	39,659	776,708
May ....	33,727	631,960
Jun. ....	56,996	327,490
Jul. ....	73,651	649,130
Aug. ....	45,498	.....
Total .....	\$338,969	\$3,236,570

Data: Bank of Mexico

Once more the well-known fact that Mexico is a silver and not a gold country has been confirmed. While only a few million pesos of gold were set aside by the public, hundreds of millions of silver coins were hoarded. Between March and July of this year, practically all of the silver coins (1 peso, and 50 and 20 centavos) disappeared. Hoarding was under way already, but it spread like wildfire after an unlucky decision by the government in April to issue one-peso paper bills to facilitate small transactions. This was immediately taken by the average man as a sure sign that the silver coins had, or would soon have, a metal value superior to their face value. By midsummer, silver had practically disappeared. Local banks were compelled to issue great numbers of 50-centavo checks to the bearer, and, in some places, people were cutting one-peso notes in two or using bus tickets for small change.

To dissolve the crisis, the Finance Ministry decided to apply the only sufficient remedy: minting of silver coins, day and night. Since July, the mint has been working at top capacity turning out some 300,000 pesos worth of silver coins daily (about \$62,000). Demand persists at 400,000 a day, but with mintage abroad prohibited by the constitution, the national mint lags behind demand. The situation is gradually easing, however, and silver pesos and half pesos (the 20-centavo piece has been replaced by a bronze coin) are beginning to reappear in stores.

## CALI GETS RETREAD PLANT

CALI, Colombia—When the Rio de la Plata docked at Buenaventura last month, it brought Colombia a complete tire repair and retreading plant, latest development of the Goodyear Tire & Rubber Export Co. in this country.

The machinery, including Heinz molds and Vitacap kettle, has been installed and will begin operations early this month, with a single shift of nine Goodyear-trained Colombians. From a single-shift basis, capable of retreading 32 tires a day, the plant is expected to go on a 24-hour-a-day schedule as soon as additional workers have been trained.

The plant is under the direction of Goodyear's Colombian manager, Sulli-

van Kafer, veteran foreign manager with experience in many parts of the world, in addition to Latin America. He will be assisted by George Ruby, former instructor at the Goodyear tire repair school in Akron, Ohio, who recently completed a stint for the government as tire-maintenance expert on the Pan American highway project in Nicaragua.

## CANADA

## Wanted: a Deal

Cabinet puts a political ear to the ground preliminary to deciding how to change its anti-inflation line.

OTTAWA—Prime Minister Mackenzie King's government put off a decision on new anti-inflation controls this week until it had digested reports on the political climate of the Dominion supplied by its parliamentary followers in an extraordinary caucus. These reports reflected the fact that the public is all for controlling inflation but is sour and irritated by some of the forms which inflation-control takes.

● **Concessions to Labor?**—The government may retreat from its present line by accepting recommendations for concessions to labor, but its economic advisers are fighting hard for a compromise that would limit wage increases and ease the pressure on ceiling prices. Latest suggestions would combine proposed wage increases with an "alternative" scheme for family dependency allowances to be paid by the Treasury (BW-Sep.25'43,p60). The cabinet's decision is expected within a week.

Meanwhile, Canada is continuing to experience shortages in manpower. These now affect lumber and pulp output (BW-Aug.21'43,p54), nonferrous mining (BW-Sep.18'43,p54), and a number of manufacturing lines. Over 1,000,000 farm workers have been frozen in their jobs by National Selective Service, and now 1,500,000 industrial workers have been nailed down. The latter total involves about 800,000 workers in Category A of essential industry and 700,000 in Category B. Voluntary separation or dismissal is now barred without prior permission from Selective Service.

● **Exemption Trouble?**—The growing labor shortage and the scramble for workers have brought a clash between two sections of Canadian industry. Income Tax Commissioner Fraser Elliott granted pulp and paper companies exemption from compulsory tax deductions for lumberjacks to encourage



page should be 45. There are no pages missing

movement into the woods this fall. The plan applied to men getting under \$3.40 a day and lowered deductions in higher pay levels to 2%. When lumber operators heard about the concession, they beat a path to Elliott's door demanding similar help.

Chances are that the Income Tax Commissioner will cancel the pulp and paper ruling before mining and other hard-pressed industries also jump on him for assistance

## EAT MORE GAME!

Canadians eat four times as much unseasoned wild meat as do Americans. Ottawa estimates the Dominion's annual consumption at 100,000,000 lb., or 7% of domestic meat production, while the 435,000,000 lb. of game, fish, and wild fowl (page 32) on the United States menu constitutes only 1.4% of total meat, poultry, and fish consumption.

With the hunting season at hand and ammunition limited, the Canadian Dept. of Mines & Resources has recommended consumption of muskrat and woodchuck, in addition to the usual line of game meats. It is estimated that 50,000 Canadian Indians depend mainly on wild meat, large amounts going to dog teams in the North. Canada's nine provinces take more than 48,000,000 lb. of dressed game, the Yukon and Northwest Territories accounting for the remainder, 20,000,000 lb. at least being caribou.

## BARRIERS DOWN?

Canadian government officials are waiting for decision by Finance Minister J. L. Ilsley on recommendations for revision of the War Exchange Conservation Act of December, 1940, which prohibited imports of many consumer items traditionally bought in the U.S. and made another long list of imports subject to permit.

The import barriers were erected to save exchange for war purchases below the border, but this position has improved recently and officials hope for resumption of trade in consumer items if Ilsley is amenable.

It is understood in Ottawa that prior to submission to Ilsley the plan received favorable reactions in Washington.

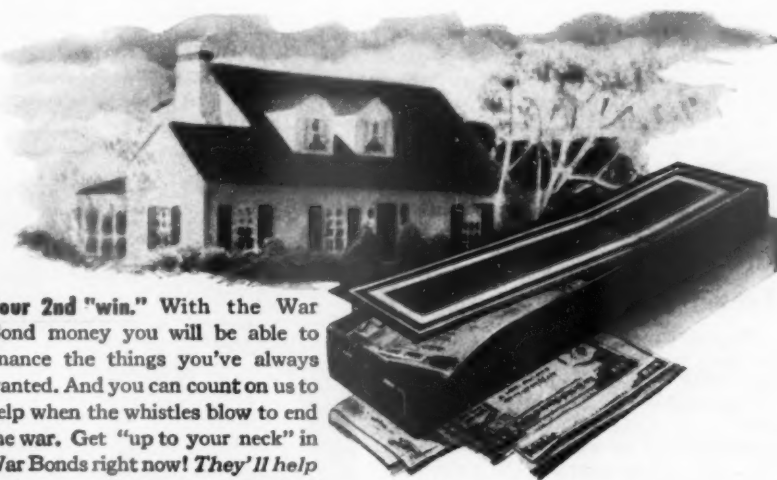
## BANKERS RECLASSIFIED

Canada's National War Labor Board has allowed classification of junior bank managers, earning from \$2,000 to \$3,000 annually in Nova Scotia, below a foreman's rank under the Dominion's Wartime Wages Control Order. The purpose of the managers in seeking lower classification was to obtain the cost of living bonus which does not extend to officials.

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# WAR BUSINESS CHECKLIST

A digest of new federal rules and regulations affecting priorities and allocations, price control, and transportation.

## Substitute Rubber

Substitute rubber in the form of raw material has been given ceiling prices in line with those of March, 1942, by an OPA ruling covering substances, made in whole or in part by a chemical process or from natural gums, resins, or oils, which may replace either natural or synthetic rubber. The order does not apply to finished objects or parts made of substitute rubber. (Amendment 2, Regulation 406.)

## Safety Equipment

Restrictions on certain critical materials used in making safety equipment have been eased to permit the use of aluminum in specified parts of respirators, gas masks, oxygen-breathing apparatus, and goggles, where the use of other less scarce materials is not practicable; where possible, magnesium—released from the restrictions of this order—is to be substituted for aluminum in such equipment. Copper wire, copper base alloy, nickel silver, and nickel plating may be used in some types of safety spectacles. (Order L-114, as amended.)

## Shearlings

All restrictions on purchase and processing of shearlings have been removed by WPB due to reduced demand by the Army Air Forces for this material, which is used for lining flying suits. This means that sale of shearlings is no longer restricted entirely to the AAF, and all future production in excess of existing military contracts is free to go into normal civilian trade channels. (Order M-310, as amended.)

## Tires

The use of new passenger tires (Grade I) has been further curtailed by an OPA action, taken with the approval of the Office of the Rubber Director, that restricts eligibility for such tires to "C" drivers with a mileage of 601 or more per month. This temporary ruling supplants the order that all car owners whose mileage totaled 241 or more per month could obtain certificates for Grade I tires.

Production of additional recapping facilities will not be authorized after Oct. 1, 1943; after this date, manufacture of such facilities will be confined to maintenance and repair orders and equipment for necessary replacements. (Order L-61, as amended.)

## Nylon Cloth

Approximately 600,000 yd. of parachute nylon cloth rejects and seconds have been released for essential civilian consumption without restriction as to use. However, none of it will be suitable for hosiery, which is woven directly from nylon yarn, not made from whole cloth. This announcement of the Textile, Clothing & Leather Division was made in connection with an OPA ac-

tion establishing ceilings for rejects of nylon parachute cloth, and covering noncellulose, chemically produced yarns or fibers such as nylon, vinyon, Aralac, etc. (Amendment 13, Regulation 127.)

## Photographic Equipment

Manufacture of restricted photographic and projection equipment, accessories, and parts has been made subject to the specific approval of WPB under a new order, which provides that WPB will establish quotas for manufacturers on the basis of their schedules of preferred orders. In addition, each manufacturer may use critical materials to the extent of 3% per quarter of the weight of such materials processed by him during an average quarter in 1941, if approved by WPB. Critical materials cannot be used in amateur box or fixed-focus type portable hand cameras, in amateur 8-mm. cameras, 8-mm. projectors, or parts for such products. (Order L-267.)

## Soybeans and Cottonseed

To promote the orderly marketing of soybeans, a new Commodity Credit Corp. order provides allocation controls for soybeans for crushing and other uses, and prevents the withholding of soybeans for speculation by forbidding a processor to buy or use the 1943 crop, except as authorized by CCC, and by limiting the supply a coun-

try shipper may have on hand after Mar. 31, 1944. Inventories of cottonseed held by cotton ginner and other handlers are also restricted, and persons other than manufacturers, seed dealers, or ginner are forbidden to purchase cottonseed of the 1943 crop except to meet planting requirements. (CCC Order 6, for soybeans; CCC Order 7, for cottonseed.)

## Feathers

Civilian production of pillows, comforts, and other items containing either new or used waterfowl feathers is halted by WPB's amendment extending to use of goose and duck feathers the ruling that limits the use of new feathers to military needs. Waterfowl wing and tail feathers, used chiefly for decoration and for shuttlecocks for badminton, are removed from the restrictions of the order. (Order M-102, as amended.)

## Jams and Jellies

In furtherance of the program to encourage the use of bread by increasing the manufacture of spreads (BW—Sep. 25 '43, p. 65), the War Food Administration has announced the allocation of an estimated 60% of the total quantity of processed Concord grapes for use in making jams, jellies, and fruit butters, 20% is reserved for bottled grape juice, and 20% is to be held for future allocation. Maximum prices have been placed on grapes sold for commercial processing at levels substantially above those of 1942 but well below going prices. (Amendment 2, Regulation 425.)

Formulas for fixing maximum prices for packers, wagon wholesalers, and distributors other than wholesalers of fruit preserves, jams, and jellies have been fixed to reflect increases in 1943 fruit costs at the packer



## THIRST QUENCHER

Latest portable device to turn salt water into fresh is a "belly still" operating on the principle that water in a vacuum boils at low temperature. Developed by two University of Min-

nesota scientists, the curved copper boiler is heated by body contact, the air exhausted by a crank-operated pump (on table). Fresh water, produced at the slow rate of one ounce an hour, is collected in a metal condenser trailed over the side.

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obtain from phosphate a feed supplement that is rich in calcium and phosphorus, low in fluorine content, wholesome, and consistently uniform in analysis and granulation. For more than thirty years, International has supplied farmers with plant foods to increase the quality and yield of their crops. And now International expands its service to agriculture with an essential ingredient for the feed that helps produce the nation's supply of milk, meat and eggs. *International Minerals & Chemical Corporation, General Offices: 20 North Wacker Drive, Chicago.*

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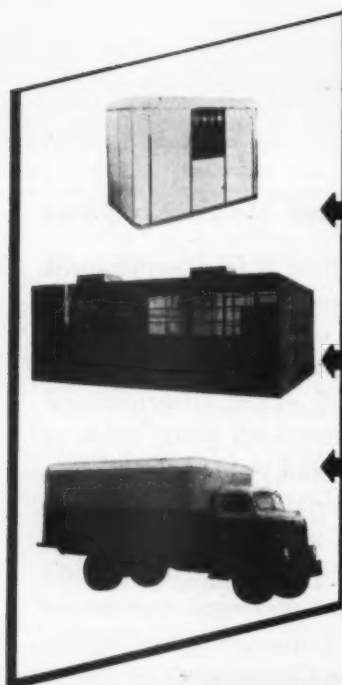
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(Names of winners of the Army-Navy and Maritime Commission awards for excellence in production announced prior to this new list will be found in previous issues of Business Week.)

level; at the consumer level, these increases will average about 3¢ to 4¢ on pound jans. (Regulation 473.)

### Bags and Paper

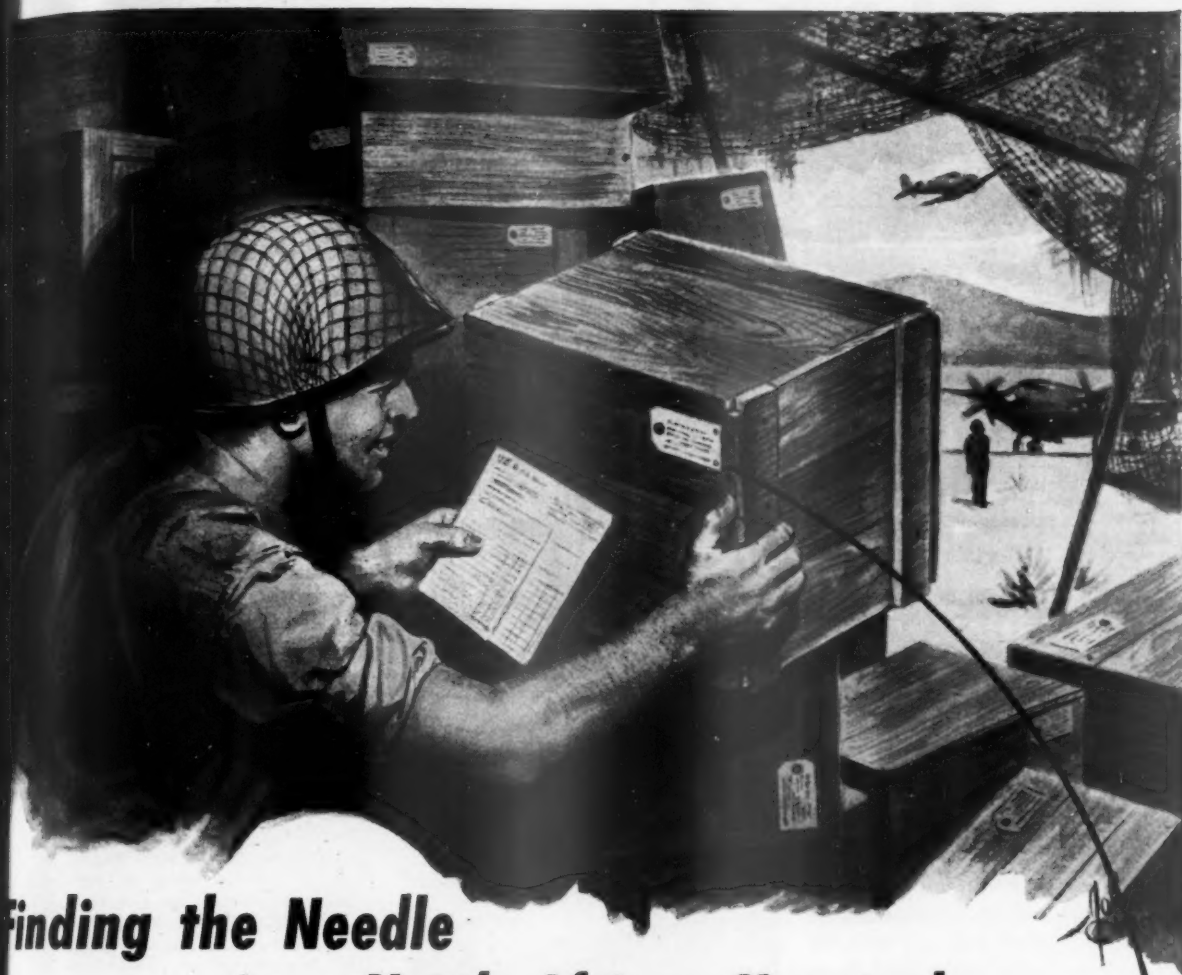
Where manufacturers of kraft wrapping papers and certain specified bag papers and bags had an established practice during the period Oct. 1, 1940, to Oct. 15, 1941, of selling directly to purchasers other than distributors at prices in excess of those to distributors, these differentials may henceforth be added to their maximum prices. In no case may the price so arrived at exceed the maximum price charged by distributors. (Amendment 9 to Regulation 182.)

### Aircraft Plumbing Fittings

WPB has ordered standardization of all aircraft plumbing fittings used by the Army Air Forces and the Navy. The action merely implements a policy which had already been established in fact by the services themselves. (Order L-313.)

### Glass Containers

Several new types, sizes, and weights of standard glass containers have been added in an effort to encourage glass manufacturers to prepare new molds of simplified de-



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YOU'RE a bomber's nurse in North Africa and you need a new oxygen control valve for your plane. That's one of 250,000 parts in air force stocks.

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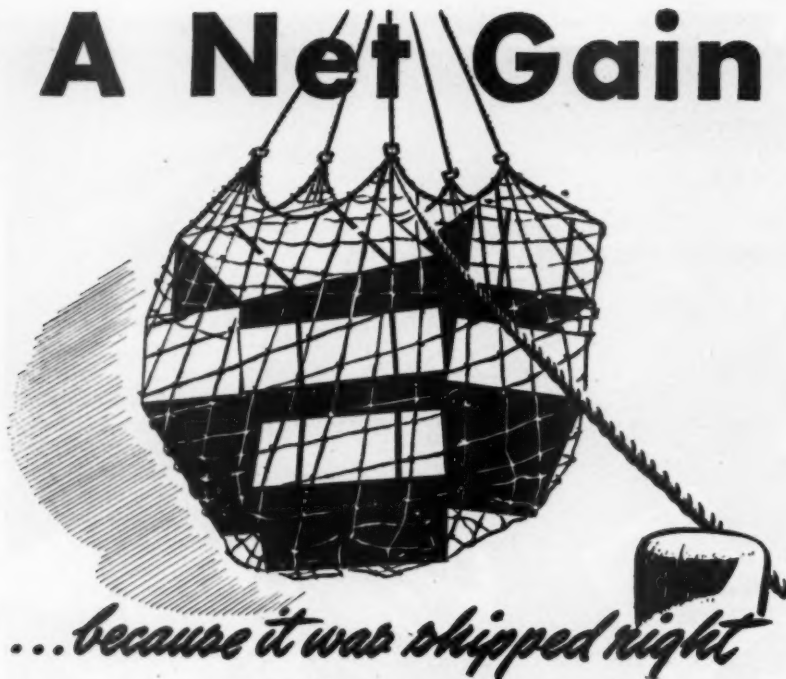
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### SIMPLIFIED BUSINESS METHODS

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And safe delivery is only one advantage of Acme Steelstrap. This modern, reinforcing process saves important time in loading and unloading . . . conserves container material . . . and saves loading space. It is used for all types of war products packed in boxes, crates, bundles or on skids . . . and for carload loadings, Acme Unit-Load Bands are employed. Get full information today. Write for free helpful literature.



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signs so as to make available to users in prescription and proprietary fields a new form lightweight line of glass containers. Their use is not compulsory, but it is expected that the narrow-mouth bottle will shift from their present bottles to new simplified designs. (Amendment Order L-103.)

## Kerosene Rationing

Local rationing boards are now authorized to issue renewal rations of kerosene for periods longer than the six months formerly permitted to users of small amounts for domestic cooking and lighting purposes only. (Amendment 80 to Ration Order 11.)

## Lamb and Mutton

An amendment to the regulation pricing lamb and mutton carcasses and wholesaler cuts provides ceilings for certain cuts while the Federal Surplus Commodities Commission wants for lend-lease shipment, increase packers' transportation charges in certain zones, and revises the price differentials which have hitherto handicapped slaughterers in some areas of Idaho. (Amendment Revised Regulation 239.)

## Other Price Actions

Amendment 9, Regulation 301, establishes a new pricing method for dental surgical, and hospital supply houses. Sales of rubber drug sundries to keep retail and wholesale prices at the levels of December, 1941. . . Raisins packaged in small machine-made cardboard cartons of less than two ounces are exempt from rationing according to Amendment 68, Ration Order 13. . . A markup of 1¢ per lb. over established ceilings for frozen eggs sold in containers of 20 lb. or less—chiefly to bakers and confectioners—has been authorized by Amendment 14, Regulation 333. . . Temporary price ceilings on ice cream and ice cream mix have been extended for the next 60 days by Amendment 4 to Supplementary Regulation 14A to GMPR, by Amendment 34 to Regulation 280. . . Specific dollar-and-cents ceilings are set for iron, steel, and plastic lines of tubular cylindrical locks and lock sets sold by manufacturers and jobbers, at 5% to 20% below than prices for comparable brass products by Amendment 2, Regulation 317. . . Second Revised Regulation 213 establishes retail ceiling prices for metal-frame bedsprings at from 25¢ to \$1.50 each less the maximum prices for wood-frame bedsprings of similar types.

## Other Priority Actions

Porcelain-lined range boilers and hot water storage tanks have been brought under simplification control by War Relocation Order L-199, as amended. . . Order L-12, as amended extends the restrictions on the use of chromium and nickel in valves to cover automotive intake valves as well as exhaust valves. . . Restrictions have been relaxed on the use of acrylic monomer and acrylic resins, used as glazing on certain parts of aircraft, by Order M-154, as amended. . . Due to increased production, certain types of cotton duck have been released for civilian use, by Order M-91, as amended.

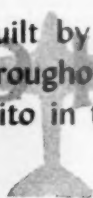


ghter, Interceptor...

*in operation in the world!*



Designed and Built by "de Havilland"... a  
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quality. The Mosquito in this picture was  
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**The de Havilland Aircraft of Canada, Ltd.**  
**TORONTO**

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## ODD WAY TO SCRUB A KITCHEN ...but it works!

Grease and dirt get along entirely too well together. Ask anyone who cleans kitchens or ship galleys. Even where fans pull cooking vapors out through unprotected ductwork, deposits of grease form on the ducts and present a serious fire hazard.

The safe, clean way to vent cooking odors and grease-laden vapors is through Air-Maze Greastop filters, easily installed in the range canopy. Miles of scientifically crimped wire mesh "capture" the dirt and grease that ordinarily coat cupboards, dishes and walls. When it's time to "scrub", merely flip out the panels and douse them in steam or a cleaning solution.

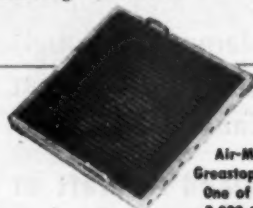
If you are building ship galleys or war-essential kitchens, or if you plan to design or build after the war, write for full details about Air-Maze Greastop filters.

### Cleaner, Safer Restaurants, Kitchens or Galleys!



Cleaner kitchens, with practically no work—no odors in apartments—does that sound like a sensible postwar sales point to attract customers?

Then plan to use Air-Maze Greastop filters, and sell "self-scrubbing" kitchens!



Air-Maze  
Greastop Filter  
One of over  
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AIR-MAZE CORPORATION • CLEVELAND, O.

# AIR-MAZE

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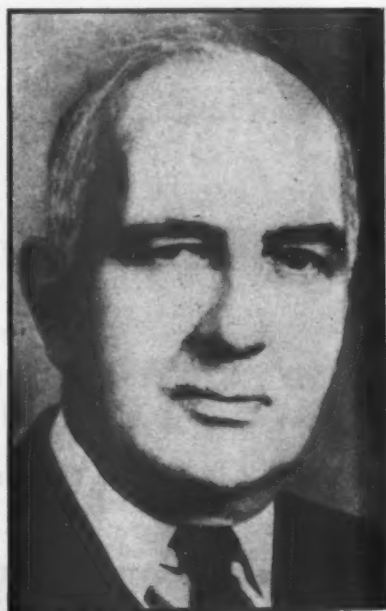
## PRODUCTION

### Patents at Stake

Dept. of Justice seeks to win cancellation in cold rolling process, alleging fraud, in first case of its kind in 50 years.

A set of patents for cold rolling steel, incubated in a little garage work-shop in Youngstown, Ohio, 20-odd years ago, has become the center of history-making litigation. They're no strangers to the courtroom, these patents; their entire business life has been one lawsuit after another. But this time it's really big. The Dept. of Justice, charging fraud in the patents' issuance, is seeking their cancellation (BW-Jul.31'43,p8) in the first action asking for cancellation since the government's unsuccessful prosecution of American Bell Telephone Co. 50 years ago.

• **Eventful History**—The patents in question were issued to Abram P. Steckel and later transferred to the Cold Metal Process Co. of Youngstown. Both the inventor and the company are made parties to the Dept. of Justice's action, but Steckel was ousted as head of Cold Metal in 1933 by his principal backer, L. A. Beeghly. Now Steckel says he will let Beeghly worry about the outcome of the government's suit. (Steckel's current interest is another pet



Abram P. Steckel is battenning his hatches for another court battle—this time with the Dept. of Justice over his patents for cold rolling steel.



## WHAT HAPPENED TO THE 4999th?

A TINY FLAW, a jammed gun, a boy's life's blood reddens the earth, out there in that leaden hail. Had someone blundered when the parts for that gun were made?

Five thousand parts make up that gun of his. Five thousand pieces of metal—yet only a single one need fail to cost his life so bravely given. Your neighbor's son or yours. Think now, what tremendous liability to tiny bits of metal!

What can we give? Only the patient

work that moulds and toughens fit metal for his fighting. Only the craftsmanship that forms each part with absolute precision. Only our sweat to save his life, our toil to help him toward Victory

This we can do. Metal is sacred—save it! This we can pledge. Each part, however small, shall move in the terrible motion of battle—true, sound and as nearly perfect as human skill and mechanical ingenuity can make it.

Such resolve controls the quality of

each Empire bolt and nut—each bit of metal on which a soldier's destiny may ride. To manufacturing processes which insure maximum strength and greatest accuracy, we add the personal energy and care so essential to Victory.

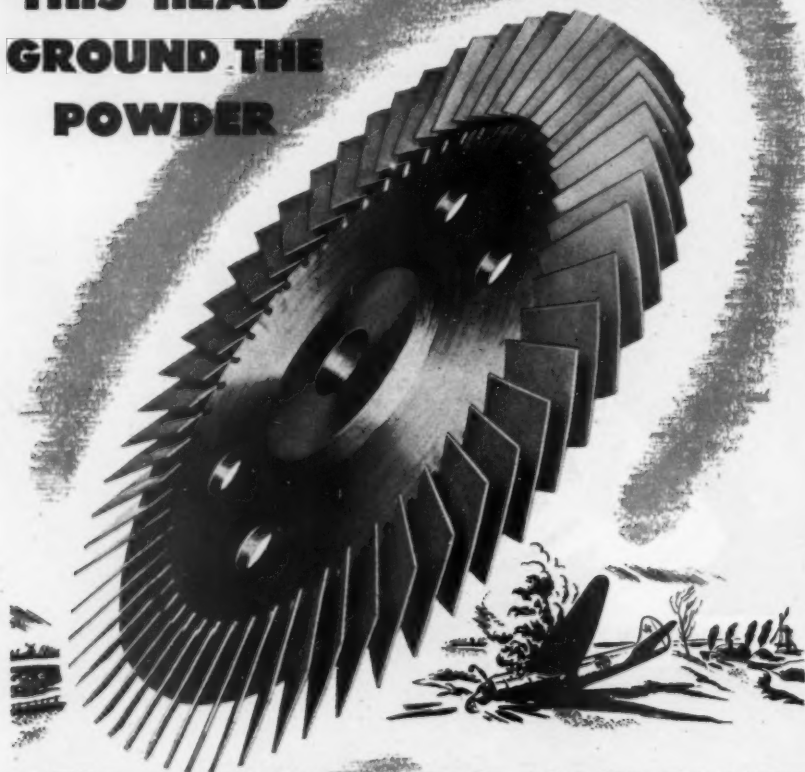
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## THIS "HEAD" GROUND THE POWDER



## THAT GROUNDED THE NAZI PLANE

It's a long trail from Nazi debris in Flanders to the Disston works in Philadelphia. But, gun powder . . . at the end of its trek from the cotton fields of Dixie . . . comes out of a machine in strands like spaghetti—it then must be reduced to granular form.

So, one of the many special tools made by Disston is a superior cutting tool called a powder head, including knives. Its efficiency is largely due to the accuracy with which the angular slots for the knives are cut into the head by a special Disston process. And longer life is given to the knives by a special steel developed by Disston.

The engineers at Disston are continually finding ways to improve the performance of tools for unusual purposes. And, into their manufacture goes the craftsmanship responsible for the extra quality of the *standard* Disston tools you know so well . . . wood and metal-cutting saws, files, hack saw blades, tool bits, machine knives, etc. For helpful information about Disston products, write Henry Disston & Sons, Inc., 1028 Tacony, Philadelphia 35, Pa., U. S. A.



First comes Disston engineering; then Disston craftsmanship. The result is the *extra* quality that distinguishes *every* Disston tool.



invention he says is being kicked around in Washington—a new and secret device to trap submarines.)

But despite Steckel's attitude of studied indifference, the government civil fraud suit involves a sizable fortune. Cold Metal claims the Steckel patents are responsible for the continuous process of steel rolling, with attendant mass production, uniform high quality, and precision thicknesses down to 0.0015 of an inch—comparable to that of cigarette paper.

• **Four Years to Run**—Cold Metal's legal opponents, now including the Justice Dept. as well as several squadrons of patent fusiliers hired by various steel and machinery companies to resist the Cold Metal claims, argue that the Steckel patents were issued on ideas that had been adapted to metal rolling before Steckel made his original patent application, in 1923. This dispute seems likely to outlast the basic Steckel patent, which was issued in 1930 and will expire in 1947.

The Steckel patents relate to a combination of two small diameter rolls backed up, top and bottom, with two large diameter rolls in the familiar "four high" rolling machinery, antifriction bearings, and power applied by tension on the delivered strip of metal rather than by the rolls. The antifriction bearings not only permit high speed operation, but also dissipate heat from the rolls in order to prevent the buckling of cold rolled metal as it goes through the mill.

• **U. S. Steel Settled**—Cold Metal's biggest licensee, in a group of about 20, is United States Steel Corp. In 1940, U. S. Steel ended its legal fight against validity of the Steckel patents by an out-of-court agreement to pay \$3,850,000 for the use of the cold rolling process up to that time, plus future royalties on every ton of steel processed through cold rollers. These royalties, not a matter of public record, are reported to range from 25¢ to \$1 a ton on most kinds of steel sheets, and up to \$35 a ton on high-carbon, special-purpose steels.

From the time it was founded with \$60,000 capital in 1926 until after the U. S. Steel settlement 14 years later, Cold Metal paid its stockholders no dividends. At one time, the company was \$1,000,000 in debt. But in the last three years, it has liquidated all its debt, paid its handful of stockholders \$4,500,000 in dividends, and paid the government more than that in taxes.

• **Many Still Hold Out**—Although Steckel claims that more than three-fourths of the cold rolled steel now being produced in this country is rolled by "infringers" who adopted his process without paying for it, licensed steel companies are reported to have paid Cold Metal \$845,000 in royalties during the first seven months of this year. Several of the unlicensed steel com-

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and average rates 40% . . . while your premium dollar has  
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**FIRE PREVENTION ENGINEERS.** These experts act to improve fire protection of war factories, grain elevators, wharves and docks. They regularly inspect cities and towns from coast to coast—map fire hazards, check fire-fighting equipment and alarm systems, help to plan fire-safe schools.



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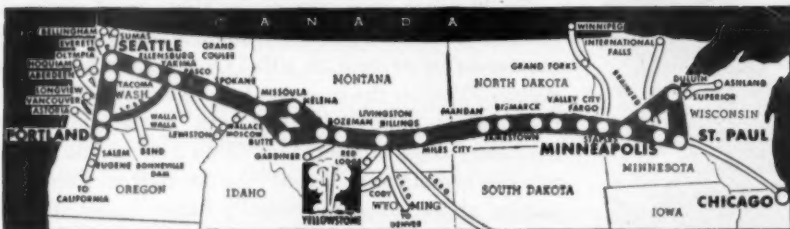
## Guinea pig who "knows his apples" . . .



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enough apples to make 158 million pies . . .



## over the Main Street of the Northwest!

Out in the Pacific Northwest they feed guinea pigs apples to determine vitamin content and measure vitamin value and potency. These experiments, conducted by university laboratories, have scientifically proven the high dietary value, and popularized the use, of Pacific Northwest Wine-saps, Delicious, Jonathans, Rome Beauties, Yellow Newtons and other varieties world-famous for color, size and flavor.

REMEMBER INTERNATIONAL APPLE WEEK—OCT. 23-30

# NORTHERN



# PACIFIC

MAIN STREET OF THE NORTHWEST

From the fertile Yakima Valley and other orchards in Washington, from Oregon, Idaho and Montana, comes one-fourth of the entire United States apple crop—30,000,000 boxes. Each year hundreds of carloads of these apples—enough to make 158 million luscious apple pies—roll swiftly and safely to market over the Northern Pacific Railway, Main Street of the Northwest.

panies, as well as builders of their equipment, are defending patent infringement suits, some of them as old as the Steckel patents.

The government's patent fraud, Steckel says, is being brought in "to vilify with elaborate accusations everybody who has tried to do something to aid progress, and to get for the fourth term."

• **Connivance Alleged**—Assistant Attorney General Francis M. Shea, in charge of the government's suit, regards this accusation little more than a chuckle. He thinks the point at issue is simple: a charge by the government that Steckel could not have obtained a patent in 1930 had he not connived to deceive the Patent Office. This charge is based on a written agreement, signed by Steckel and by two rival applicants for a similar patent, which Shea claims is prima facie evidence of fraud.

Steckel's first steel rolling patent application was filed on June 30, 1914, and about three years later assigned to Cold Metal, which he founded. In 1926, Florence C. Biggert, Jr., and L. Johnson, both of Pittsburgh, applied for patents on a similar process. Their applications were handled by the Seattle law firm, Byrnes, Stebbins & Parmelee of Pittsburgh, whose members complained that different attorneys were engaged in each instance, and when a conflict was discovered the interested parties were notified immediately and advised that the firm was willing to withdraw from either case, or both.

• **Agreement Reached**—Instead, conflicting parties decided to get together. Their agreement, dated July 20, 1927, provided that United Engineering & Foundry Co., builder of steel mill machinery, to which Biggert & Johnson had assigned their application, would press its case, and after United obtained a patent, Cold Metal, whose application had been denied provisionally, would then claim interference with United's. Cold Metal had prior oneer rights, it was agreed, but United had a superior set of claims, chiefly "commercial success," which frequently carries great weight with Patent Office examiners. Although Cold Metal was to get the superseding patent, United was to be given the right to make cold rolling machinery for the steel industry.

This is just what happened, according to the government's suit filed in the United States District Court in Cleveland. After United obtained a patent, Cold Metal amended its application copying into it the claims made in the Biggert-Johnson application, and was awarded a patent which took priority because of its earlier filing date, over United patent.

• **Squabble over License**—To decide the terms of United's license under the Cold Metal patent, the agreement





Back the Attack — with War Bonds

## Ten years after

THINK BACK, if you will, to 1933! That was the year in which the Century of Progress Exposition opened in Chicago.

And it was also the year the Boeing 247's were introduced by United Air Lines — revolutionizing all former ideas of air transportation!

Commercial ships up to that time had been principally biplanes or high-wing monoplanes which chugged along at a modest 115 miles an hour.

The Boeing 247 changed all that. First all-metal, low-wing, 3-mile-a-minute transport, it reduced the fastest previous coast-to-coast time by one-third. In the

recent words of an airline executive, "it made the greatest single advance in airline operating speed of any airplane before or after." Even now, practically every modern airliner is an outgrowth of this original Boeing 247 design

That's only the first part of the story.

Today, ten years after, when most planes of that era have vanished from the skies, twenty-seven sturdy Boeing 247's are doing heavy duty for the Army Air Transport Command. And many others are in service elsewhere in the world. One of these ships has flown some four million miles—and is still going strong!

The combined mileages of the Boeing 247's still in use would mount into astronomical figures.

Obviously, planes with such a record must be well designed and well constructed. The same research, design, engineering and manufacturing skills are responsible for the famous Stratoliners,\* the transoceanic Clippers, the Kaydet PT's (Primary Trainers), and those great battleships of the skies, the Boeing Flying Fortresses.\*

Tomorrow as today, you can be sure of any product . . . if it's "Built by Boeing" it's bound to be good.

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Assistant Attorney General Francis M. Shea pushes the government's charge that Steckel's cold steel patents were obtained in 1930 through deception.

named three men as arbiters. Two of them died before a license could be drawn up, and since the agreement made no provision for successors, no contract now exists between United and Cold Metal, and United never has paid royalties on the process. United's right to translate the process into machinery, however, has been upheld in litigation that grew out of later disputes between the two firms. Now, their bitter court fights of a few years ago have been practically forgotten; executives of United and Cold Metal at present are on friendly terms.

In their formal answer to the government allegations, Steckel and Cold Metal denied last week that there was any fraud in connection with their patent applications. They declared the Patent Office "was seasonably informed of all pertinent facts," and that the Steckel patent that took priority over United's patent was granted "over the opposition and protest of United," after the 1927 agreement had expired; that when Cold Metal sued Carnegie-Illinois (U. S. Steel) for infringement, neither the District Court nor the Circuit Court accepted contentions of fraud, and the Supreme Court refused to accept jurisdiction in the case when the steel company asked for a writ of certiorari.

● **Franchise Argument**—The defense specifically denies that the government granted any "franchise" in the issue of the original patent "but was merely the grantor of United States Letters Patent No. 1,744,016." Cold Metal executives think this statement is significant be-

cause they understand that Dept. of Justice lawyers wish to treat patents as franchises, subject to government control and regulation, rather than as an outright grant of a monopoly for 17 years.

The Steckel-Cold Metal answer also took a crack at the government's concern with the public interest.

"Plaintiff is not acting on behalf of the public," the answer stated, "but has brought this suit at this late time at the instance of and for the benefit of certain infringers."

Furthermore, the government had been so slow to assert its claims of fraud that it should "in equity and good conscience" be barred from maintaining the present action.

● **Helpful to War Effort?**—In a footnote to the public benefit side of the controversy, a proponent of the Cold Metal cause argued that the continuous steel rolling process, which is claimed to hinge on the Steckel patents, made possible the quick conversion of strip mills to plate mills, and thus met demands of a tremendous wartime ship-building program.

In 1940, this side of the argument runs, steel mills in the United States produced 4,000,000 tons of plate; in 1943, the figure will be about 12,000,000 tons. Conversion of mills to make possible this expansion was a simple matter of adding shearing equipment at one stage in the continuous strip process.

● **Nature of Bell Case**—The Justice Dept. has stated that its Cold Metal suit, which aims to free metal rolling methods "from an invalid patent and thus enable the government to enjoy substantial savings on war contracts," harks back to 1893 when the government sued to cancel Bell Telephone patents on the ground that the company, through fraud and conspiracy, abused procedure of the Patent Office in order to delay the issue of a patent for 14 years, thus making its effective life 31 years in place of the legal 17 years. In 1897, the Supreme Court decided the case in favor of the company.

The steel companies and machinery builders Steckel calls "infringers," who have not paid royalties, feel that so far as they are concerned, a government victory in the patent fraud case definitely would tie Cold Metal's hands in any efforts to collect royalties, past, present, and future.

● **Royalties Suspended**—Now delayed by a choked docket in the District Court, the suit apparently faces a long, hard journey to final conclusion. Meanwhile, royalties to Cold Metal have been stopped by a separate government action. Using a 1942 act permitting procurement agencies to redetermine, or even cancel, royalties affecting any kind of war material, the government has notified all Cold Metal licensees,

effective last month, to pay no further royalties. Cold Metal's recourse, parallel to that of other patent holders who have been the target of similar orders designed to prevent excessive collections from war contractors, is to sue for "reasonable" payments in the Court of Claims.

## Tools Kept Moving

Distributive techniques of a private firm and the Chicago ordinance office help meet need and may avert postwar glut.

Difficulty in obtaining prompt delivery of perishable tools such as shears, reamers, and cutters still delays production in many a war industry, particularly on new contracts. Yet almost everywhere a prewar plant has in its stockrooms a hoard of surplus tools which it cannot use.

● **Old Tools, New Products**—Usual reason for a tool surplus in any plant is that those tools on hand were bought for making products now discontinued and do not fit the jobs currently going through the shop. These same tools may be the very types and sizes urgently needed by another plant a mile away. One authoritative estimate sets the supply of idle critical tools throughout the United States at \$25,000,000.

Half a dozen attempts by private industry and government agencies to do something about this problem of surplus tools in the midst of plenty have failed. The programs currently operating in Chicago are successfully shifting surplus tools from the haves to the have-nots.

● **A Private Entrant**—Longest established is Industrial Tool Stores, which was set up by a local industrial distributor to have a fling at redistribution of perishable tools. I.T.S. started in November, 1942, with a list of 40 tools which it had been able to buy back from the parent company's industrial customers. This list, with an offer to sell these items and to buy any surplus items, went out to 35 large manufacturers.

Since then, gathering momentum largely from word-of-mouth publicity among manufacturers, I.T.S. has developed a mailing list of 800 plants, serving 325 active accounts, and has an inventory of standard items totaling about \$20,000. The inventory is less than 5% of the outfit's stock in trade, however. The other 95% consists of tools left in the possession of the owners but listed for sale. Some list of tools for sale sent in by individual manufacturers have totaled \$50,000.

● **War Business Only**—I.T.S. buys tools from surplus stocks at the established price that they would cost if bought

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from their makers. It sells them at the established resale price. Many of the tools were procured by their owners before priorities, hence they could be sold without restrictions, but I.T.S. insists on having the same ratings as tools made and subject to war controls. Customers have come from as far as Texas, and one firm sent expeditors who bought \$10,000 worth of critically needed tools. At the current rate of turnover, a listing of stock is good for only about three weeks.

The second effective plan is getting well under way in the Army's Chicago Ordnance district office. The perishable tool section of this unit goes at the task by requiring that each contractor who completes his contract or who it canceled must promptly provide an inventory of his tools, gages, and other unused equipment obtained for the job now concluded. These lists are complicated and then are circulated among the office's engineers, to all arsenals, and to the twelve other Ordnance districts.

**Treasury Absorbs Loss**—The contractor is urged by the Chicago Ordnance Office to contact the sources from which he obtained his tools and to resell the surplus items at 10% below cost if the source has unfilled rated orders to cover the transaction. Any offers below the established 10% handling charge must

**SAFETY MAN**  
Kenneth J. Glasmann, winner of National Safety Council's "Safety Ace" award, demonstrates an automatic truck brake, one of many safety devices he has devised for the Union Pacific Railroad. Used in unloading heavy car wheels from boxcars, the brake is automatically set by the truck's pitch, thus eliminating the danger of hand transfers. Glasmann, tank truck foreman, has been with Union Pacific since 1917, has never been involved in a lost-time injury.



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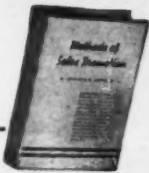
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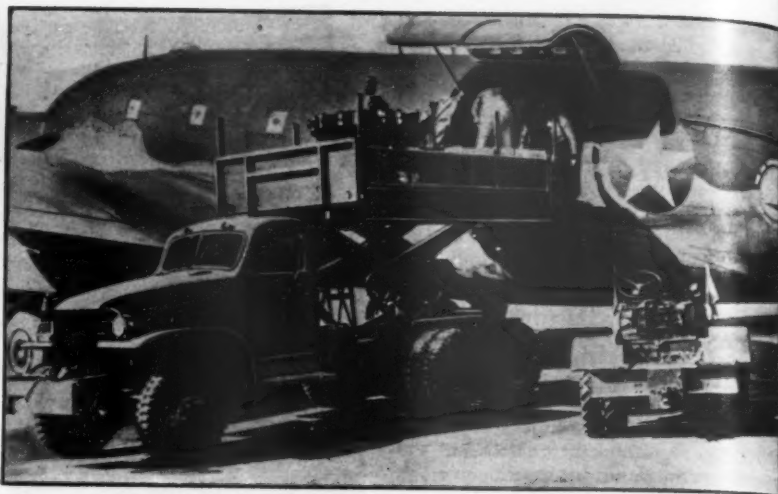
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### PLANE LOADER

Flying cargoes are now lifted or lowered between truck and plane levels at the flick of a lever on General Motors' newest application of the jack-knife power hoist (above). The device

speeds up freight transfers at Army Air Transport Command bases by eliminating double handling. Alternate methods of loading and unloading the big C-46 Curtiss Commandos are with block and tackle or small industrial hoist trucks.

get official approval, since the United States Treasury absorbs the difference between cost and resale price of the tools.

Since last May, when this plan began to function, the Chicago ordinance office has effected a large volume of surplus tool transfers to war plants which urgently needed the tools. Cost savings have been considerable, because tools are thus resold at 90% of cost, instead of bringing junk values. For the long term, the ordinance office is eager to prevent the building up in the Chicago area of a stock of unused tools which could bring chaos to the tool market for several postwar years.

### \$2,500,000 COAL RESEARCH

Smokeless coal stoves, smokeless skies, all-year coal-fired air conditioning are but three of twelve major projects to be financed by the new 2,500,000, five-year research budget (\$500,000 a year) of Bituminous Coal Research, Inc., affiliate of National Coal Assn., both of Washington, D. C. Bulk of the activity will be centered in the laboratories of Battelle Memorial Institute, Columbus, Ohio, which has been research headquarters for the bituminous industry since 1935.

Principles of smokeless combustion have already been demonstrated at Battelle where new forms of stoves, home furnaces, industrial furnaces, and automatic firing apparatus have been taking shape to "aid fuel utilization during the war and in the postwar future" (BW-Jun. 6 '42, p55). Other major projects include studies on the conversion of coal

into gas without byproducts, hydrogenation of coal into an ash-free liquid from which chemicals can be extracted more readily than from solid fuel, and an investigation into coal as an ingredient in brick manufacture and synthetic rubber production. "Fluid coal," a suspension of finely pulverized coal that burns like gas in a hot industrial furnace, is slated for further tests.

### RUBBER TEAR GAS

A clever adaptation in the rubber program was the conversion of a Los Angeles fuel gas standby plant to making butadiene from oil, with a byproduct of fuel gas. Clever, because setting up a 2-billion-cu.ft. underground reserve of fuel gas released this plant for the production of rubber.

Unfortunately, the plant is almost in downtown Los Angeles, and when it started operating last summer, citizens began to complain of fumes coming into the business district, irritating their eyes like tear gas, worse some days than others.

Complaints spurred the Southern California Gas Co. to modify the equipment, with closed cooling and water clarification, but the job will not be done until December.

In mid-September, a heavy gas attack around city hall led Mayor Fletcher Bowron to order the plant closed. Gas engineers explained that wind, barometer, and thermometer governed the volume of gas coming into town, then compromised on 20% operation—not likely to be troublesome—until the new equipment can be cut in.

# MANPOWER...

*we can help you solve this  
Problem*

Payroll "deadline" only a few hours away... comptroller waiting for important data... someone's leaving for Washington and needs a lot of figures... billing is late... and the monthly report must be on the president's desk tomorrow!

Sounds familiar?... obviously a question of Manpower, and it's a Monroe wartime job to help you.

Monroe machines and the expert figure services that go with them are helping thousands of offices to carry this greatly increased load of figure

work. If your office is undermanned, if fatigue and strain are wearing down the office workers you have, if your figure work is running behind, a Monroe representative can help you.

He can show how Monroe simplicity can make inexperienced help productive in less time. He can analyze your figure routine to find simplifications and short cuts. And if additional Monroe equipment is required, he will explain how we are prepared to cooperate with you.

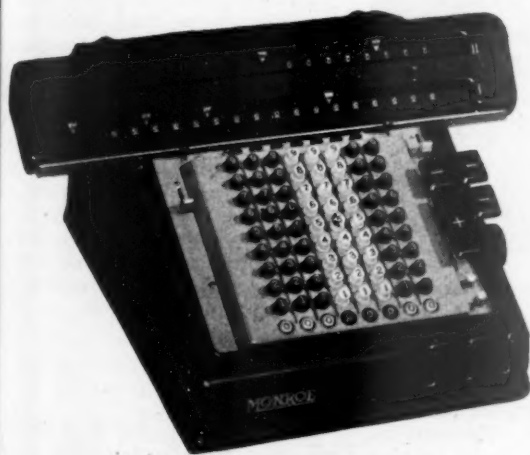
A timely example of Monroe's special wartime services is the new book

## **MONROE SIMPLIFIED METHODS FOR PAYROLL CALCULATIONS**

... ask your nearest Monroe office to explain it; or send in the coupon.

Your Monroe machines are now more vitally important than ever. Keep them operating at peak efficiency through regular inspections by a trained Monroe specialist under our Guaranteed Maintenance Plan.

The nearest Monroe branch awaits a letter or telephone call from you.



## **MONROE**

**Machines for Calculating, Adding, Accounting**

*Because of skill, precision and long experience in designing and manufacturing Monroe machines, our plant was selected for the development and production of special war equipment requiring unusual exactness and accuracy.*

Monroe Calculating Machine Co., Inc., Orange, N. J.  
Please send information concerning Monroe Simplified Methods for Payroll Calculations.

Name.....

Company.....

Address.....



### A Picture with a Story to Tell to Those Interested in Conserving Oil and Engines

This is a story of a spring. You'll find it only in DeLuxe Oil and Fuel Filter Cartridges. It is one of the engineering advances which makes possible the actual cleansing of asphaltene and contaminants from oil before they can form into sludge and other destructive substances.

The spring is DeLuxe Engineering's answer to the problem caused by the tendency for unsupported cartridges to compress, as pictured above, when oil is fed through them. This compression changes the degree of cartridge density; prevents the maintenance of the correct oil flow; induces channelling whereby oil escapes without being properly cleansed.

In all there are eight factors, including a built-in cone in the cartridge, which contribute to the performance of the DeLuxe Oil Filter . . . factors which make possible actual oil cleansing of both fortified and non-fortified oils with equal effectiveness. The complete story is told in the booklet "FILTER FACTS," a copy of which is available without cost or obligation to every user or builder of diesel or gasoline engines. Write DeLuxe Products Corp., 1425 Lake Street, LaPorte, Ind.



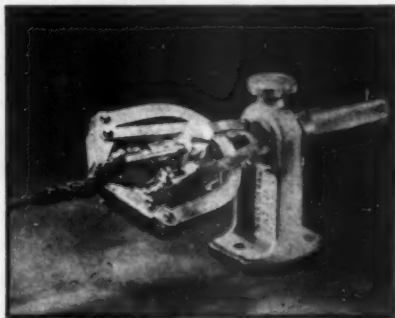
## NEW PRODUCTS

### Oil Ration Calculator

Newest circular "slide rule" is the "Fuel Oil Ration Calculator," printed on tough paper by Anderson Specialty Co., 215 E. 9th St., St. Paul, Minn., and sold for 25¢. You revolve a pointer on its 4½-in. inner disk to the number on its 6-in. outer disk which represents your fuel allotment for the year. Locate on the inner disk the date on which the reading is being made. Directly opposite the date, read on the outer disk both the percentage of the heating season elapsed at the date and the number of gallons of fuel which you theoretically had a right to burn during the elapsed period. If you find you are burning too much, it is up to you to economize. The calculator, which can be used by oil companies and ration boards as well as by home owners and building operators, is based on data assembled by the American Society of Heating & Ventilating Engineers.

### Cable Splicer

Production, construction, and maintenance men who have had the job of splicing, or clamping, wire rope around a thimble or bushing will appreciate the comparative ease with which it can be done when using the new Universal No. 101 Cable Splicer. As manufactured by Mechanics Engineering Co., Jackson,



Mich., the device consists essentially of powerful clamping jaws and an in-built length of sprocket chain.

You insert a loop of rope into the jaws, then a thimble or bushing inside the loop. As you tighten the jaws, the chain pulls and squeezes the rope securely into position, ready for splicing or clamping. To adjust the chain to differing sizes of ropes, bushings, and thimbles, you set and lock a button.

### Precision Measurer

Round holes with diameters from ½ in. to 12 in., square holes with similar dimensions, holes of more intricate shape can all be measured quickly to a

precision of 0.00005 in. on the Sheffield Electric Precision Measuring Instrument, new product of the Sheffield Corp., Dayton 1, Ohio. Used for external measurements or comparison with master parts or gages, it will check rounds, straights, and tapers within the maximum over-all dimension of 12 in. and to the same precision. If a particular hole is closed, it can be checked for taper, bell-mouth, or out-of-roundness to a depth of 3 in.; if the hole



open, it can be checked also from the other side to a depth of 3 in.

Business parts are gaging arms and an electric gaging head, called an Electrigage, developed in collaboration with Westinghouse Electric & Mfg. Co. You push a button, and an electric mechanism raises the arms above a lapped surface. Height of the arms is shown on a visual counter in hundredths of an inch. When the arms are spread apart for checking a particular gage or part, any departure from standard is shown on the Electrigage, the graduations which are so spaced that readings of approximately 0.0000125 in. can be interpolated.

### Plastic Covers

Considerable quantities of aluminum and other critical metals are being saved by Wright Aeronautical Corp. and other manufacturers through the use of Lurite Plastic Covers which protect openings in aircraft and tank engines during assembly and shipment. The new covers, which range in size and shape from round cups for exhaust stacks (right) to oblong flats, 16x8 in. for bolting over carburetor air intake (not shown), are fabricated to order



Larite Corp., 480 Washington St., Newark, N. J., out of transparent sheets of du Pont Plastacele cellulose acetate. Other covers, smaller than the ones for the exhaust stacks, come equipped with springs for snapping them into place. Although they are all designed primarily to conserve metal, their lightness



transparency are making them popular with factory operatives and government inspectors. They not only keep out dirt, chips, and larger foreign objects, but give a full view of the interiors they protect.

#### New Products Briefs

Also reported this week, not only for interest to certain designated business fields, but also for their possible part in the postwar planning of more allied fields and business in general, are the following:

**Printing—Relief** for electrotypers is promised by "B.C.F. Addition Agent," a new chemical formulated by E. I. du Pont de Nemours & Co., Electroplating Division, Wilmington, Del. A single ounce of it added to each gallon of their electroplating solutions "reduces by one third the copper required for electrotyping plates. . . . The chemical so increases the hardness of the copper deposit that a much thinner layer will give equal service . . . also gives a smooth finish and speeds the plating."

**Metalworking—The new Wayne Collet Chucking Fixture** for drilling machines, milling machines, shapers, and other machine tools is designed to hold round or tubular stock from "zero to six inches . . . in a grip that is as gentle as a caress but strong as a bulldog." Manufactured by the Wayne Pump & Tool Co., Fort Wayne 4, Ind., it comes with four-piece, blank collets, each held together by a ring and ready to be machined or otherwise machined to the desired size and conformation of the stock to hold. Collet jaws can be hardened for long runs. Since all surfaces of the fixture are machined, it can be set up in several different positions on the bedplate of a machine tool.



## THOUSANDS DIE—TRAPPED IN CEILING OF ARMSTRONG'S CUSHIONTONE

**NOISE DEMONS**—thousands of them—are created by clattering typewriters, loud conversations, ringing telephones, and pounding business machines. But they die by the thousands wherever there's a ceiling of Armstrong's Cushiontone. By restoring quiet, this new material reduces errors and improves all-around office efficiency.

In every 12" x 12" unit of Cushiontone there are 484 deep holes which soak up as much as 75% of the sound waves reaching the ceiling. This high efficiency is permanent—it is not even affected by repainting with ordinary paint and painting methods.

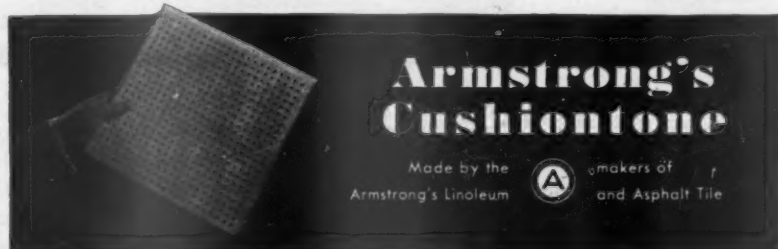
The cost of Armstrong's Cushiontone is surprisingly low. Its installation is quickly completed with little

or no interruption to office routine. And maintenance is simplicity itself.

Cushiontone has a light ivory-colored surface which not only blends harmoniously with any decorative plan, but provides unusually high light-reflection as well. Being an excellent insulating material, Cushiontone also helps to conserve fuel and reduce air-conditioning costs.

#### JUST OFF THE PRESS

See our new illustrated folder, "How to Exterminate Office Noise Demons," for quick facts—and for pictures showing what Cushiontone has done for other offices. For your free copy, write to Armstrong Cork Company, Building Materials Division, 3010 Stevens St., Lancaster, Pa.



# MARKETING

## Post Milepost

Block of stock in famous old Denver newspaper is sold to daughter of one of the founders; financial facts revealed.

Fred G. Bonfils and H. H. Tammen were, in their lifetimes, the gaudiest showmen ever in the American newspaper business (and, their enemies said, the least scrupulous). They parlayed the Denver Post into a big newspaper. Never chosen among the top ten for editorial excellence, it nevertheless has been for many years in the charmed circle of the ten best money-makers.

• **Facts on a Sale**—This week a report in Denver probate court revealed, in unusual detail for a privately owned corporation, the Post's business record since 1938 (tabulation above). Agnes Reid Tammen, widow of Harry H. Tammen, died in 1942. Her estate owned the largest block, 1,459 shares, of the Post's 5,000 common shares. Seeking to diversify, the trustees sold 250 shares by bid. In connection with this sale, they made public the facts and figures.

The purchaser was Helen G. Bonfils (Mrs. George Somnes), intelligent, strong-willed elder daughter of F. G. Bonfils. She paid \$1,735 a share, or \$443,750. Post employees, headed by F. W. Bonfils, nephew of "Bon" and

## And Now a Story of Paper Profits

Rich in journalistic tradition, the Denver Post doesn't do too badly in worldly wealth. As with newspapers in general, revenues have declined

somewhat in recent years, and higher taxes have nicked net income. Salient figures make the following comparison over the last five years:

	Advertising Revenues	Net Income	Cash Dividends
1938 .....	\$3,059,404	\$1,591,995	\$1,600,000
1939 .....	3,142,350	1,631,046	1,650,000
1940 .....	3,164,056	1,515,441	1,500,000
1941 .....	3,043,148	1,326,204	1,350,000
1942 .....	2,885,257	1,161,989	1,100,000

Post business manager, bid \$1,505 a share; and a Denver investment syndicate offered \$1,120 a share.

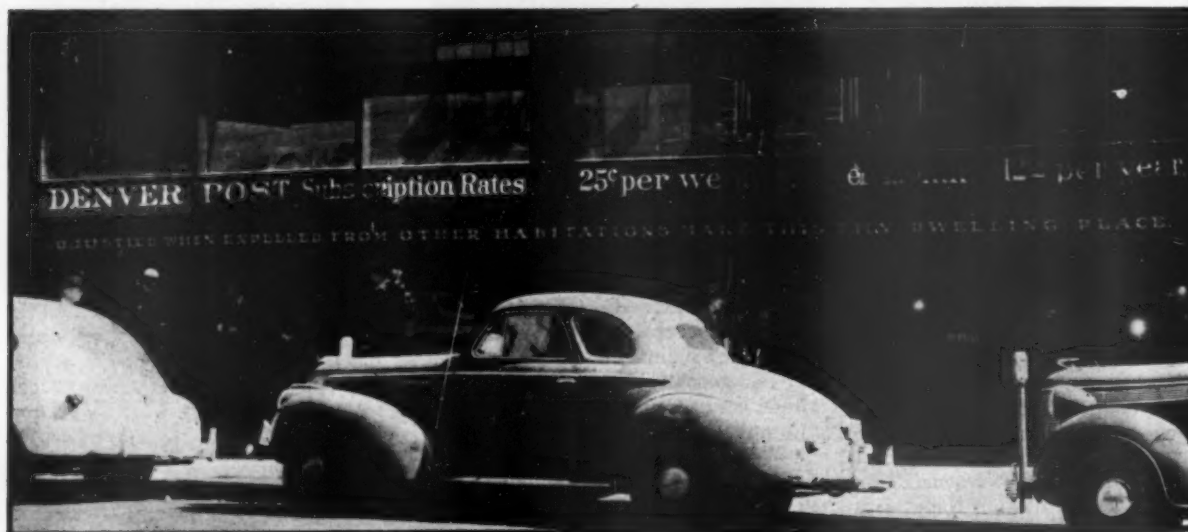
• **Long Way from Control**—Miss Bonfils's willingness to pay such a high price is attributed by Denverites to a desire to hold onto and integrate the Post in vindication of the memory of her father—whom she defends vehemently against any detractors—rather than to business reasons. If her goal is control, she has a long way to go. She is still only the third largest stockholder, the Agnes Reid Tammen estate continuing as the largest despite the sale, and the Denver Children's Hospital, through a trust endowed by the Tammens, holding about 20%.

Tammen and "Bon" built big fortunes. Bonfils' totaled about \$14,000,000 when he died in 1933. Under the partners' "never the scratch of a pen" agreement—they trusted each other implicitly, though there were outsiders who trusted neither of them—Tammen built

an equal fortune, but the Tammens gave a good half to the Children's Hospital before his death.

• **Charitable Trust**—Bonfils left most of his money to the Bonfils Foundation, to be used for "the general good of mankind" under one of the most grandiose charters ever written. The trust, through Helen Bonfils, gives \$50,000 a year to the Denver Community Chest, a recently completed and dedicated Catholic church to the memory of her parents, has given a building to Denver University for an art center, has contributed to the Children's Hospital, University of Colorado Medical School, etc., and in normal times grants college scholarships to young Coloradans.

The Post is run by W. C. Shepley, publisher and long-time managing editor under Bonfils, by a contract which gives him full authority. It maintains lead as by far the largest newspaper between Kansas City and the Coast with a 1943 Sunday circulation of 29



Showmen Fred Bonfils and H. H. Tammen, publishers of the bombshell Denver Post, always made a great show of their civic-mindedness. Today an electric-lighted American flag and an eye-bandaged statue of Justice still

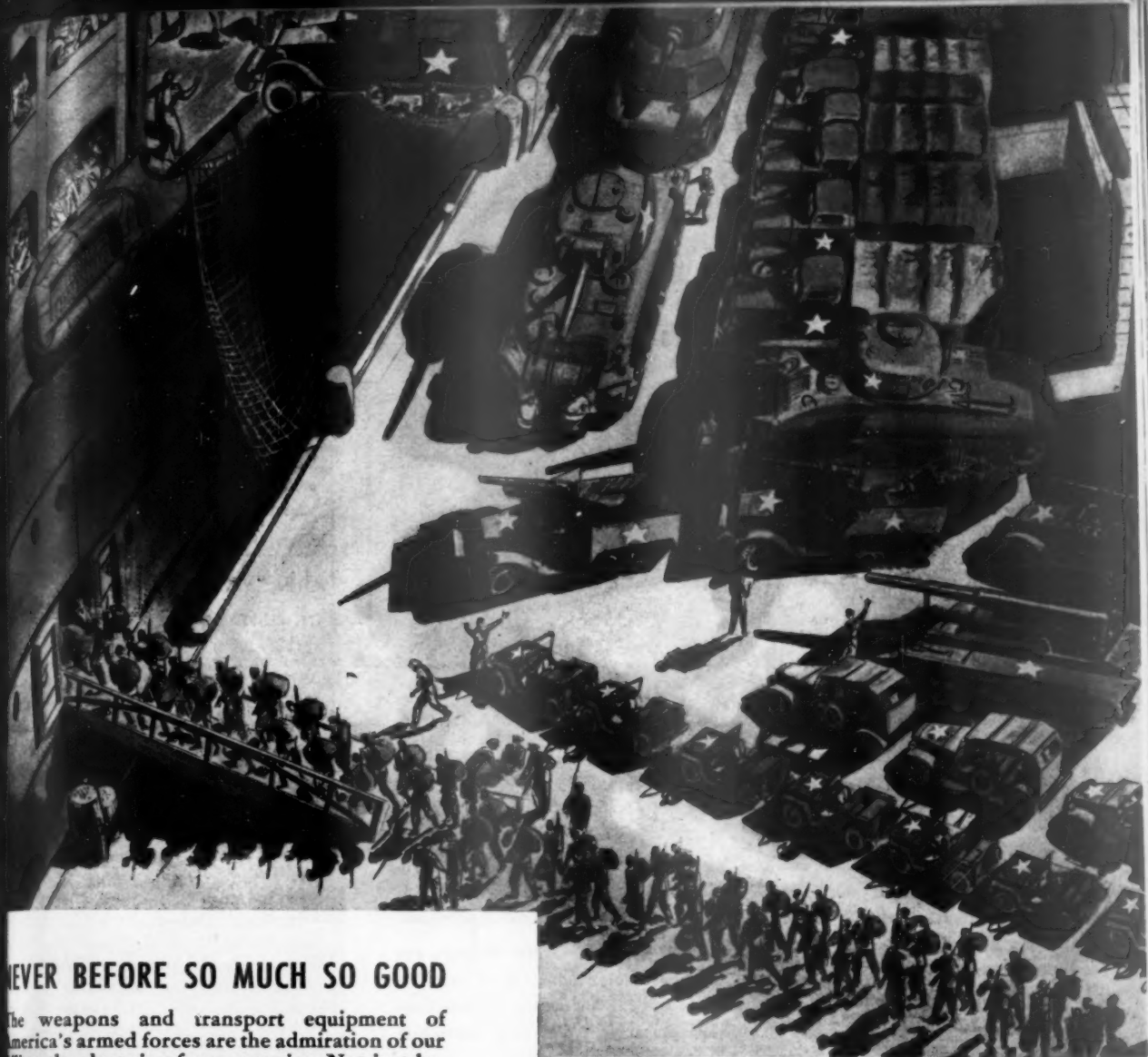
stand atop the Post building and emblazoned across its facade are the old mottoes, "O Justice, when expelled from other habitations make this thy dwelling place" and "Tis a privilege to live in Colorado." But their civic-

mindfulness never went so far as to reveal details of Post finances. Last week, with the sale of some of the Bonfils stock, the public got a chance to size up the Post in terms of its worth and earning capacity.

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## NEVER BEFORE SO MUCH SO GOOD

The weapons and transport equipment of America's armed forces are the admiration of our allies, the despair of our enemies. Not just because the quantity is overwhelming. But because the quality is superb. Never before in the history of the world has any nation's industrial plant been able to work to such close tolerances or maintain such exacting precision standards!

How is this possible? Air conditioning and industrial refrigeration are a vital part of the answer. They now provide constant, ideal atmospheric conditions at thousands of key points all along the war production front. And, when peace comes, air conditioning will help to provide better civilian products at lower cost—plus new "highs" in comfort.

In helping solve "conditioning" problems, Westinghouse draws upon years of experience with thousands of varied installations. The exclusive hermetically-sealed compressor assures economy, dependability, long life. Inquiries are invited from producers of war materials and from postwar planners.

**WESTINGHOUSE ELECTRIC & MFG. CO.**  
29 Page Boulevard Springfield, Mass.  
Plants in 25 Cities... Offices Everywhere



**COLD TIPS FOR HOT WELDING.**  
Electrode tips used for spot welding show increases in number of welds per cleaning—up to 1000%—when cooled by industrial refrigeration.



**QUICK CHECK FOR METALS.**  
Spectrographic analysis of metals saves time, cuts costs. For accurate results this test must be made under constant atmospheric conditions. Another job for air conditioning.



**THINER THAN THE THICKNESS OF A SHADOW.** To hold variations to minuscule limits, gauges are tested, stored and calibrated at specified atmospheric conditions provided by air conditioning.



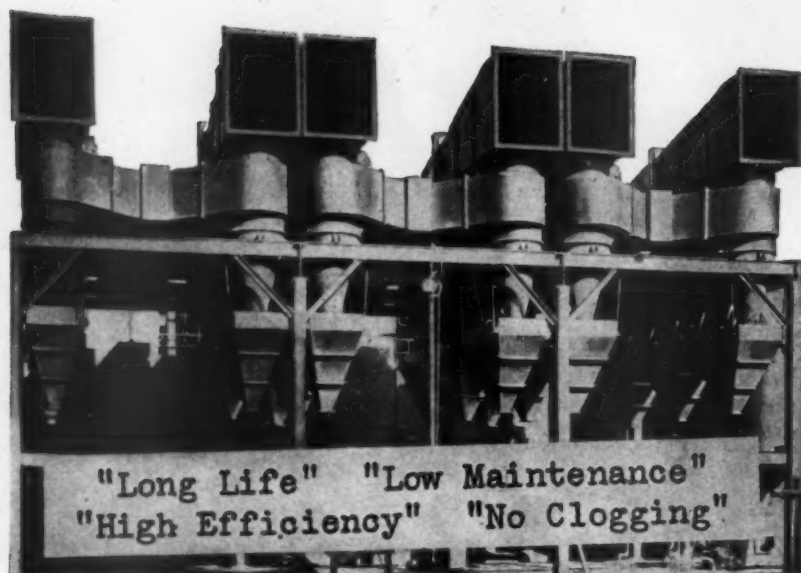
**TOOLS THRIVE ON COLD CUTS.** Controlled-temperature coolant speeds production, prevents undue wear of cutting tools, reduces rejects. Industrial refrigeration keeps coolants cool.

*Turn to John Charles Thomas, NBC, Sunday, at 2:30 P. M., E. W. T.*

# Westinghouse Air Conditioning

GEARED TO A THOUSAND WARTIME NEEDS





## ... most important\* advantages of Buell Dust Recovery Systems

★ A recent survey among Buell users—companies that have had their Buell Dust Recovery Systems in operation for three, four, five, or more years—brought to light a remarkable record for long life and trouble-free performance, freedom from clogging and absence of repairs.

The high efficiency and other *plus* advantages of Buell Dust Recovery Systems are the result of Buell's exclusive van Tongeren design. The van Tongeren "shave-off," for instance, makes possible a high recovery efficiency without resort to small-diameter cyclones. At the same time, the large diameter of Buell cyclones permits construction of extra-heavy metal and reduces abrasive wear—two important factors in the proved long life and low maintenance cost of Buell equipment.

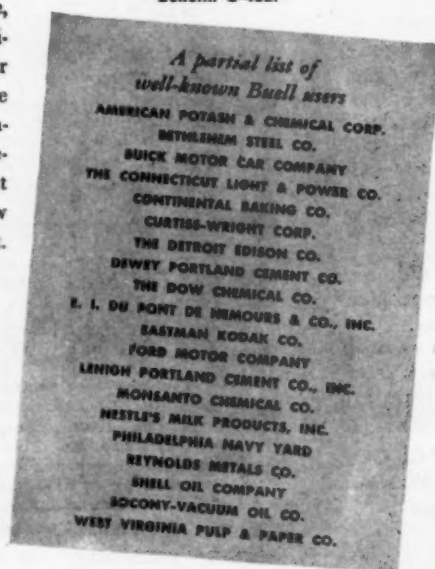
BUELL ENGINEERING COMPANY, INC.  
60 Wall Tower, New York 5, N. Y.  
Sales Representatives in Principal Cities



In addition, large diameters permit Buell cyclones to be designed with large outlet openings that virtually eliminate clogging and do away with the necessity for constant supervision.

Buell Dust Recovery Systems are used for the reclamation of valuable dusts and the abatement of hazardous dust nuisances by leading companies in every branch of industry.

Write for factual, 28-page book,  
Bulletin G-482.



BUY WAR BONDS AND MAKE THE AXIS BITE THE DUST

000; it still ran, until war broke out, a special train to the Cheyenne rode considered a command performance for all business and political celebrities invited; it still gives free summer operas and many other Bonfils stunts; and mercilessly belabors political opponents. • Not So Belligerent—Nonetheless, shows signs of middle-aged tolerance that would be strange to its founder, has made peace with many old-time opponents, including Mayor Ben Stapleton of Denver. (Once, desiring to flatter Stapleton, Bonfils identified him as "an unidentified man" in a group of photographed celebrities according to legend.

## Cheaper Textiles

Consumers and retailers cheer WPB decision to loosen up on garments in the lower-price brackets.

Unhappy retailers of popular-price clothing—who are forbidden by Maximum Price Regulation 330 to handle higher price lines than they carried in the 1942 base period, and at the same time cannot purchase goods to fit the old price brackets in a market that virtually devoid of low-priced goods (BW—Sep. 25 '43, p. 92)—consider it slow to appreciate their plight.

• Increase Due—Last week, however, they derived a modicum of cheer from the announced purpose of WPB to increase certain types of infants' and children's outerwear, underwear, sleeping garments, and other textile products in the low- and popular-priced brackets. The program is hailed with some relief by consumers, too, for war workers bulging bankrolls notwithstanding, a confidential survey by the Office of War Information indicates that 36% of U. S. families must cope with inflation on incomes frozen at prewar levels.

Relief for children's wear is only a starter for WPB's Office of Civilian Requirements. OCR will tackle shortages from three angles: (1) direct allocation of fabrics, either by request or by order (this is designed for over-shortages as well as those confined to lower-priced lines); (2) simplification and elimination of fancy prints and dyes like; (3) pressure on OPA to permit increases in ceilings on low-priced lines sufficient to encourage their production. • Child's Wear Critical—OCR obviously considers infants' and children's wear most critical.

Underwear is next on the list. Here the upward shift of price lines has been only less spectacular than that in women's dresses. Back in preinflation 1942 65% of pajamas and nightgowns were sold at retail for \$2.25 or less. Now only 35% are being made to sell

such prices. The \$2.26 to \$3.00 bracket which used to account for about 15% of production has swollen to 35%, and the \$3.01 to \$5 bracket from 15% to 25%.

**Big Battle to Come**—In slips and petticoats, 60% of the volume is still in the under-\$2.25 lines as compared to 65% in 1941; but while 20% used to sell for less than \$1, only 15% of current production will sell for less than \$1.39. In 1941, price lines below \$1 accounted for 80% of panties and chemise sales; now only 60% are made for this bracket.

Assuming OCR wins its fight against further upgrading of children's wear and undergarments, and the coincident curtailment of the low-price lines, its really big battle will come in the women's dress field.

**Dress Shipments Up 64%**—As an indication of how the volume business is moving into higher-priced lines today, the United Better Dress Mfrs. Assn. recently reported that 4,171,275 dresses in the better-to-medium price brackets were shipped in the second quarter of 1943 as compared with 2,540,754 in the same 1942 period. Only group to fall below this 64% increase was the \$6.75-to-\$8.75 (cost) price group.



## STAMPS IN SLOTS

Even war stamps are bowing to the machine age. In 18 A.&P. supermarkets at Detroit, coin machines that deliver 10¢ and 25¢ stamps are making their debut. They're the product of a local manufacturer who had to "sell" the Treasury on issuing its stamps on rolls for the first time. Resembling automatic postage vendors, the new machines not only are adding a novelty appeal, but also are saving the time of checkout cashiers who formerly sold the stamps.



# Sunshine

**MAKES SHIPS GROW  
FASTER, TOO!**

**I**n many California business and industrial enterprises, Nature works as a valuable partner. Motion picture producers discovered this years ago. Shipbuilders are learning it now.

Year-round moderate weather is only one reason for the rapid growth of California during recent years . . . a growth vastly accelerated by war, but destined to become a permanent, vital factor in our national economy.

Here today is a consumer market of 7,500,000 people . . . where a million factory workers are being paid more than one billion, three hundred million dollars a year.

Bank of America has contributed substantially to the financing of this development of California. With branches in more than 300 cities and towns of the state, this bank is a logical choice of any business executive or banker wanting financial representation or service in this area.

## Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER . . . FEDERAL RESERVE SYSTEM—FEDERAL DEPOSIT INSURANCE CORPORATION

Main offices in two reserve cities of California . . . San Francisco - Los Angeles



Blue and gold BANK of AMERICA TRAVELERS CHEQUES are available through authorized banks and agencies. They are acceptable everywhere. Carry them when you travel.

## Deep-drawn... for fire fighting in the clouds



*This cylinder is used in a system of fire control in airplanes. It is one of the many Hackney deep-drawn shapes used by war products manufacturers to save time and materials, improve products, and release men and equipment for other work.*

Fire in the air, one of aviation's oldest and most dangerous enemies, is effectively extinguished by the release of carbon dioxide, stored in steel cylinders. To play their part in this vital task, the cylinders, like so many aircraft parts, must be light in weight, yet built to exacting strength specifications.

In developing these lightweight steel alloy aircraft cylinders, the Hackney Cold Drawing Process was employed, thus taking advantage of Pressed Steel Tank Company's forty years' experience in the deep drawing of various metals. Previously, these cylinders were made by machining an alloy forg-

ing to obtain the minimum weight specifications. With the Hackney method, however, the aircraft manufacturers and the war effort benefit by the conservation of critical materials, man-hours and machine equipment.

Pressed Steel Tank Company facilities are now confined to war work. If you are engaged in vital production, it may be that deep drawing can save time for you—conserve material and improve your product. Hackney engineers will be glad to work with you—write for details. And for your postwar planning—send for the facts on Hackney Deep Drawing today.

## Pressed Steel Tank Company

MANUFACTURERS OF HACKNEY PRODUCTS  
General Offices & Factory: 1493 South 66th Street  
Milwaukee 14, Wisconsin



**DEEP-DRAWN  
SHAPES AND SHELLS**



## Ads in Wartime

Continuing Study of Newspaper Reading resurveys papers studied four years ago showing war's impact on readership.

The Advertising Research Foundation, which began its Continuing Study of Newspaper Reading back in 1939, is getting around this year to reexamining readership for papers previously studied, thus providing advertisers with the first authoritative comparison of wartime with prewar newspaper reading.

The South Bend (Ind.) Tribune study, released this week, indicates—did restudies of the Johnstown (Pa.) Tribune, and the Providence (R. I.) Evening Bulletin—that war has stimulated readership of both advertising and editorial columns.

• **What They Read**—Top readership honors in the national advertising field went to an institutional ad with 31% of the men and 33% of the women reading a 990-line Bendix insertion showing a worker's identification badge and headed "Identification of American



### INGERSOLL'S TIME

Looking to its postwar markets, the maker of Ingersoll watches is plugging for one of the most revolutionary changes ever made in time measurement. Current Ingersoll promotion (above) advocates for time the same decimal system Europeans and scientists use for measuring quantity, distance, and weight. Days would be divided into 20 hours of 100 minutes, subdivided into 100 seconds. With decimal time, Ingersoll would replace many of the "obsolete" 24-hour timepieces—and count up its profits in American decimal-system dollars.





# A Well-Conditioned Skin is as Important to Leather as to Women



Noneed to argue the importance of a well-conditioned skin to a woman.

Nor—although it is not so much in evidence—the importance of skin conditioning to leather.

Animal skins, after tanning, are fatiquored to keep them soft and pliable, and to guard against drying out and brittleness. Conditioning agents often are added to hold moisture and give a further softening effect. The trouble is that some conditioners absorb moisture so readily at high humidities that when they are used in any appreciable amount, leathers become limp and "raggy" and tend to stretch.

Atlas, approaching the problem synergistically\*, suggested an Atlas product, Arlex, as a skin conditioner. Arlex gives off a minimum of moisture at low humidity, but absorbs much less at high humidities. It stabilizes as it conditions so that surface areas of the leather do not expand and the leather retains its quality. Moreover as a plus-value, Arlex produces a greater softening effect.

**\*Synergism**—a growing habit in American industry. Men bring problems and ideas together so that minds "click" to produce a result that is far greater than the sum of the ideas expressed—making 2 plus 2 equal 5, so to speak.

*Atlas' synergistic approach to production problems has been used to produce striking results. Within the scope of our activities, we would like to engage in a synergistic discussion of problems that may confront you. Shall we make a date?*

Arlex: Reg. U. S. Pat. Off.



# ATLAS

**POWDER COMPANY**  
WILMINGTON 99, DELAWARE  
Offices in Principal Cities

Industrial Explosives • Industrial Finishes • Coated Fabrics • Acids  
Activated Carbons • Industrial Chemicals • Ordnance Materiel

Copyright 1943, Atlas Powder Company

Business Week • October 2, 1943

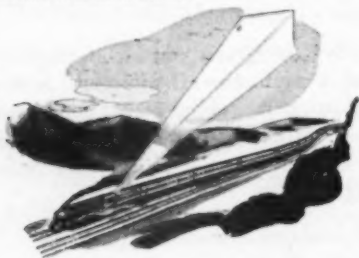
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## ... thanks to 1339 tons of *Air at Work*

**THE SNOW-CAPPED PEAKS** are a mirage visible only to the New York Central passenger who boarded a Chicago flyer in steamy Grand Central two hours ago. But why is the air in his car so cool and comfortable—in midsummer?

1. Because, during this trip, Sturtevant Air Conditioning Equipment circulates through this 16-car train a quantity of cool, dry air which, if it could be weighed, would total 1339 tons. To visualize this figure, imagine a column of air which would fill an average passenger engine tender and extend 30 miles in the air!



2. In a model railway car set up in the Sturtevant laboratories, Sturtevant has made scores of exhaustive tests. Many years before railway air conditioning became general, Sturtevant pioneered with the first system, which has resulted in making 8,432 railway cars comfortable.



3. Now, WPB says "no new railway air conditioning for the duration." So Sturtevant launched a complete program of maintenance, including inspection schedules and servicing tags, to help railroads, struggling with untrained help, to keep existing air conditioning equipment running, passengers comfortable.



### HOW MUCH AIR TO BRING COMFORT TO YOUR POST-WAR CUSTOMERS?

Engineered AIR... to ventilate, heat, convey, control dust and fumes, or burn fuel more economically... will make the difference between profit and loss for many a post-war venture. Somewhere along the line... more efficient, more compact air handling equipment may work wonders for you. Sturtevant's experience of yesterday and today will be tremendously helpful in providing the answer.

**B. F. STURTEVANT COMPANY**  
Hyde Park • • Boston, Mass.



Anger." Second place went to a 20th Century Fox description of "Heaven Can Wait."

Among local advertisers, a Sears, Roebuck page got the most attention from men (35%) while a local department store attracted the most women (64%).

• **How Men and Women Compare**—Feminine readership was higher for all kinds of advertisements than it was in 1939: 92% read at least some advertising compared to 90% in '39; 61% read some national copy whereas only 54% had been attracted in 1939; readership of local advertising rose from 88% to 90% and department store from 59% to 79%.

Men in South Bend are paying more attention to national and department store advertising than they did in 1939, less to local. Readership of national advertising rose from 28% to 44%, department store from 31% to 39%; and local readership fell from 67% to 60%.

In 1939, "War Threatens South Bend Travelers" and "Tom Dewey Visits Mother in Owosso, Mich." got the most attention from women readers. The ensuing four years, according to the foundation, have not diverted women from their search for items of local interest. War news is read by 66% of the men, less than half of the women, according to the South Bend survey.

• **Financing the Research**—Papers bear part of the \$3,000 average cost of a survey; the foundation, jointly sponsored by the Assn. of National Advertisers and the American Assn. of Advertising Agencies, foots the rest of the bill.

Dr. George Gallup's pioneer agency, the Publication Research Service, makes surveys for the foundation which distributes reports to 1,350 members of sponsor organizations and the American Newspaper Assn.'s Bureau of Advertising.

## Liver Trouble

Government opens second attack on those little pills with the famous trade name. Company promises a fight.

After studying its chances for over two years, the Food & Drug Administration seized a large shipment of Carter's Little Liver Pills in New York last week end. The libel on which the seizure was made states the government's contention that the product has no therapeutic efficiency so far as the liver is concerned.

On this basis, Food & Drug charged that use of the word "liver" in the trade name and use of the word as part of the advertising claims appearing in the labeling are misleading. No question was raised on the therapeutic efficiency



## A plan to Check Loss of Personnel . . . "Honesty Engineering!"

WHEN trusted employees help themselves to your money or merchandise, fidelity insurance will repay your financial loss. But it cannot make good your loss of trained, hard-to-replace manpower, or offset the blow to morale in your office or plant.

Now, through its Personnel-Protection Plan, the U. S. F. & G. is ready to help you stop employee dishonesty before it starts!

A western packing company, for example, was having so many losses due to employee dishonesty that it

faced the loss of fidelity insurance protection. But when it adopted the U. S. F. & G. Personnel-Protection Plan, dishonesty losses dropped more than 80%.

This new plan of "Honesty Engineering" helps reduce employee dishonesty in much the same way that safety engineering and fire prevention work have reduced accidents and cut fire losses for American business.

Based on long experience in the bonding field, the U. S. F. & G. Personnel-Protection Plan not only insures you against loss through em-

ployee dishonesty but: (1) discloses undesirable personnel and prevents waste in training; (2) through tested methods helps keep good employees from going wrong; (3) helps employers eliminate leaks and pitfalls and acts of carelessness which often lead to employee dishonesty.

Your U. S. F. & G. agent will be glad to give you more information about how the Personnel-Protection Plan helps you keep your employees by keeping them honest. Consult him.

Branch Offices in 43 Cities—Agents Everywhere

# U.S.F. & G.

UNITED STATES FIDELITY & GUARANTY CO.

affiliate:

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE, MD.

Consult your insurance agent or broker  as you would your doctor or lawyer



# Free Enterprise

WE MUST ACT TO PRESERVE IT!

LIKE a leaf floating downstream, we are being carried along toward a new and uncharted economy. What this new economy will be like will depend, to no small extent, upon what industry does or fails to do during the coming months. Time is short; in fact, we may suddenly find ourselves standing on the threshold of a peace economy with our war boots still on our feet.

While bending every effort to win the war, we cannot afford to be caught unprepared for the peace. As Prime Minister Churchill said at Harvard, we are "bound, so far as life and strength allow and without prejudice to our dominating military task, to look ahead to those days which will surely come, when we shall have finally beaten down Satan under our feet and find ourselves with other great Allies at once the masters and the servants of the future." Unless we do look ahead, there is danger that we may become neither the masters nor the servants, but merely the victims, of the future.

The war has quickened our ailing economy and opened our eyes again to the possibilities of peace-time plenty. But it has also brought great dislocations of labor and capital; it has led to abnormal patterns in prices and income distribution; and it has created inflationary pressures with enormous potential powers to injure or to help us in the transition from war to peace.

The pattern of life in postwar America will be just what we make it. All of us will have a hand in shaping that pattern, but business men will have a special responsibility in the reconstruction. As employers of labor and capital and as enterprisers assuming the risks of new ventures, they will have to plan and carry out the conversion from war work to full peace-time production. Because of their key role, business men have a special opportunity to discover, and to help others to understand, the conditions which are necessary if they are to do their job satisfactorily.

This is a narrow view of postwar problems but is a central view, because no one condition is more vital to the health of the world than a high level of production and employment in the United States. We cannot hope to lead the world out of economic chaos if we do not put our own house in order. If we fail to adjust our domestic economy, we may destroy Adolf Hitler; but we will not destroy the germ that breeds "Hitlers." If we do not maintain the production necessary for supporting a large volume of imports and exports, then our plans for international monetary stabilization, for good relations with our neighbors, for rehabilitation of stricken countries, and for strengthening the democratic bulwarks against dictatorship are all likely to come to grief. We must demonstrate our capacity for world leadership, or be content to follow the leadership of others.

The prospects for achieving a sound and vigorous economy in the United States are not so good as to warrant complacency on the part of men genuinely interested in free enterprise and the political freedoms incident to it. We have yet to find means to utilize our vast and abundant resources for the good of all. We have yet to learn how to keep men from the terrible experience of unemployment and the fear of war which makes them willing to sacrifice freedom for an opportunity for almost any promise of security. We have yet to reconcile the conflicting interests of labor, agriculture, and business so that they can work together effectively. We have yet to learn how to check the fever of inflation and cure the palsy of depression.

When we were attacked at Pearl Harbor, we realized our physical peril immediately and united in a tremendous common effort against the enemy. The onset of economic perils is less obvious. No bombs will signal the deterioration of the private enterprise system, the extension of regimentation, the further control of busi-

ness by government, and the concentration of political power in less and less responsible hands. If these things should befall us, they will come insidiously while we are preoccupied with self interests and oriented by popular misconceptions. If the freedoms of the individual shrivel as the state grows in power, it will be because the individual is too indifferent or complacent to concern himself seriously with economic problems. If our people are misled by false prophets and demagogues, it will be because business men did not understand economics, because scholars were too ignorant of practical affairs, and because we failed to produce economic statesmen of sufficient stature for the task in hand.

Thinking is hard work. Thinking about things outside our personal experience, about economic processes that are broader and in some fundamental respects different from buying and selling or running a business — is strenuous mental labor. Thinking straight about problems that are beyond our personal and immediate status and our pocketbooks, thinking about problems that involve nation-wide production, nation-wide employment and nation-wide buying power — in other words the operation of our entire economic system — involves real self-discipline. Yet there is no other way to safeguard our freedoms. We cannot rely on trial and error; tinkering takes too long; social experiments which turn out wrong can be undone only at great cost — if at all. If we proceed blindly, we shall flounder into an economic and political morass from which we cannot escape.

We floundered badly all through the Thirties, until the war lifted us temporarily to higher ground. When the war boom is over, we shall be back floundering worse than ever unless we find a solid road along which to proceed.

America has grown rich and strong under a system of political and economic freedom. Opportunity and the necessity of self-reliance have brought forth great accomplishments. The hope of profit and the spur of competition have urged men on to find new and better products, new and better methods, and to risk their savings in pioneer investment. Never has a country achieved so high a standard of living and afforded so large an opportunity for the individual man and woman. It is not surprising that some distinguished business leaders, looking back over their own experience, tell us that everything will be all right if only there is "less government in business."

I wish the solution were as simple as that. However this is only part of the answer. It is becoming in-

creasingly clear that industrial capitalism as we know it contains within itself certain fundamental weaknesses which can lead to its destruction if they are not counteracted. No democracy can survive when twenty to thirty per cent of its workers cannot get jobs. That happened here in the Thirties. For years on end, despite fumbling efforts at recovery one out of every five workers was denied a chance to earn a living in private business. We shall never again have such mass unemployment as occurred in the bottom of the Depression, because the government will take it upon itself to create jobs if business cannot offer them. Whenever that happens, however, the area of private enterprise will be reduced and that of government will be expanded — and the concentration of political power will be increased. This is the challenge we business men face today, and ours is the first opportunity at finding the solution.

The crux of our economic problem is unemployment. Unless there are jobs for ninety to ninety-five per cent of those who are able and willing to work, there will be widespread fear and lack of opportunity, which will drive labor unions, agricultural groups, and business interests to take self-protective measures. Such measures are certain to restrict production, stifle progress, and imperil our democratic way of life. Not all our problems will automatically be solved if we learn how to avoid mass unemployment, but they will at least then have a good chance of solution.

And so American businessmen face a great responsibility! We will have to find the answer to a great many momentous questions. We will have to delve into problems that cannot be solved by precedent.

Looking backward to these times, future historians are likely to say that here we Americans stood at the crossroads and, consciously or not, made our choice between a system of private enterprise and personal freedom and a system of collectivism and regimentation.

It is particularly appropriate, therefore, as the problems of our time take shape and as events rearrange their order and importance, to appraise the steps we are taking and point the way we are going. It is my plan to present such analyses from time to time to the one-and-a-half million readers of McGraw-Hill publications.



President, McGraw-Hill Publishing Company, Inc.

Things are  
**SHAPING UP  
FAST...**



at  
**Consolidated Vultee**



Ever stop to think about the magnitude of simple forming operations that would not justify the installation of heavy forming rolls, in the construction of a fighting plane? Hundreds of them—and our production schedules of a plane every few minutes rely on capable machines to keep assembly lines supplied.

Buffalo Aircraft-Type Bending Rolls, although designed for circular bends and segments, are already veterans in this phase of airplane construction. These versatile tools, as fast and accurate as they are easy to operate, measure up to the rigid production requirements of Consolidated Vultee Aircraft Corp. as well as many other leading manufacturers who are helping make Air Supremacy a victorious reality.



Engineering data on  
Buffalo Aircraft-Type  
Bending Rolls available  
in Bulletin 3344.



**BUFFALO FORGE COMPANY**  
458 BROADWAY BUFFALO, NEW YORK  
Branch Engineering Offices in Principal Cities &  
Canadian Blower & Forge Co., Ltd., Kitchener, Ont.

of the product when used as a laxative.

• **Double Attack**—The company is expected to fight the charges through the courts. Several months ago, The Federal Trade Commission issued a complaint against advertisements for the product on substantially the same grounds used by Food & Drug to attack its labeling (BW-Jun.12'43, p90). FTC's case will be tried by the commission itself, subject to mild court review, but Food & Drug's case necessarily must be tried before a judge and jury.

In a fighting reply to FTC's complaint, the company indicated that it has collected its own scientific evidence to prove that the product does have a therapeutic effect on the liver. In both cases, the company will be fighting to save one of the most prominent and oldest trade names in the proprietary drug industry. If the government wins in either case, the word "liver" will have to be stricken from the name.

## Candy Kept Cool

Whitman is booking orders for postwar delivery of cabinets to maintain chilly temperature for sweets. Sales respond.

One of the candy trade's oldest problems, that of keeping chocolates fresh and attractive the year round, has been solved to the satisfaction of Stephen F. Whitman & Son, Inc., through development of a special refrigerated cabinet to be distributed to dealers after the war, or whenever the necessary materials become available. Orders against that indefinite date are now being booked by Whitman's.

• **Sales Stimulator**—The idea originated about two years ago, and more than 1,200 cabinets were built by the Advertising Novelty Mfg. Co. with a special Westinghouse sealed refrigerating unit. These were placed in stores throughout the country, and their sales of Whitman's assortments jumped 50% to 350%. Just when everything looked bright, however, cabinet production was halted by the war.

Since then, further research has uncovered ways to improve the cabinets. New ones will have a white porcelain finish, will stand counter-high with display shelves on top lighted by a fluorescent fixture, and will measure approximately 29x72 in. An inside temperature of 65F to 68F will be maintained, as in the factory at Philadelphia.

• **Changed Color**—Candy remains fresh longer and sales hold up in hot weather, instead of tapering off as in the past because of customers' antipathy to soft chocolate. Some druggists tried to overcome this by placing boxes in the re-

## LIQUOR SALES BY STATES

Man for man, Washington, D. C., can show a record of the highest liquor consumption of any section of the country, according to 1942 statistics released by Allied Liquor Industries. But that statistical record is subject to important qualification.

Many people living outside the District buy their liquor supplies in Washington, a situation which the sales and population figures cannot take into account.

In addition, the District is 100% urban in character and liquor consumption is generally higher in urban than in rural districts.

States in which liquor distribution is handled entirely through state-operated facilities (shown by asterisks) tend to fall, by and large, toward the bottom of the per capita consumption scale.

	1942 <sup>1</sup> Liquor Consumption	1942 % Increase over 1941	1942 per Capita <sup>2</sup>
Wash., D. C.	3,558	+16.4	4.31
Nev. ....	398	+30.1	3.09
Conn. ....	4,476	+22.6	2.51
Calif. ....	13,356	+17.3	1.86
Del. ....	511	+ 8.4	1.85
Mass. ....	7,486	+11.7	1.74
N. J. ....	7,198	+22.4	1.70
Minn. ....	4,515	+24.8	1.69
Md. ....	3,216	+11.9	1.69
Ill. ....	12,799	+ 0.1	1.60
N. Y. ....	20,320	+ 8.5	1.57
Mo. ....	5,520	+22.9	1.47
*N. H. ....	690	+13.0	1.46
*Wyo. ....	337	+ 8.0	1.45
*Mich. ....	7,853	+15.6	1.41
Neb. ....	1,746	+26.8	1.41
Wis. ....	4,309	+11.1	1.41
*Mont. ....	733	+ 1.9	1.40
Fla. ....	2,718	+13.1	1.39
*Ohio ....	9,643	+18.8	1.39
*Penn. ....	13,245	+15.2	1.36
R. I. ....	977	+12.8	1.35
*Wash. ....	2,316	+21.1	1.32
*Ore. ....	1,404	+20.9	1.31
*Va. ....	3,654	+27.3	1.30
Ariz. ....	578	+21.6	1.24
*Me. ....	942	+15.0	1.13
Colo. ....	1,188	+14.9	1.09
N. D. ....	631	+ 8.0	1.07
S. D. ....	624	+10.1	1.06
*W. Va. ..	1,948	+ 7.7	1.05
Ind. ....	3,627	+ 3.1	1.04
*Vt. ....	349	+10.6	1.01
Ga. ....	2,933	+35.4	0.95
*Utah ....	521	+ 8.6	0.94
*Iowa ....	2,262	+12.4	0.92
*Idaho ....	437	— 4.6	0.91
La. ....	2,168	+28.4	0.89
Ky. ....	2,422	+ 7.6	0.88
S. C. ....	1,582	+21.0	0.83
*Ala. ....	2,407	+53.5	0.82
N. M. ....	396	+ 5.9	0.81
Tenn. ....	2,132	+20.5	0.73
Ark. ....	1,282	+31.8	0.65
Tex. ....	4,233	+ 1.9	0.65
*N. C. ....	1,568	+33.7	0.45

\* Monopoly states.

(1) Fiscal year ended June 30, thousands of gallons.

(2) Based on estimated civilian population, May 1, 1942.



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generators they use for biologicals, but the chocolates changed color. Whitman's bears the \$300 manufacturing cost but requires a returnable \$10 deposit from dealers. Orders accompanied by checks are placed on the waiting list. When equipment is available, first come will be first served.

## COLA NAME DEFENDED

The fact that Coca-Cola and Pepsi-Cola are at peace in their dispute over names and trademarks (BW—Sep. 11 '43, p. 6) doesn't mean that Coca-Cola is allowing unlimited sway to anyone who wants to put out a soft drink with "cola" in the name. A typical suit was filed in Denver last month, before the 10th U. S. Circuit Court of Appeals. Standard Bottling Co., the region's largest soft-drink bottler, in 1925 signed a consent decree agreeing not to use the name "cola" in any soft drinks and not to put out a beverage that resembled Coca-Cola in any way. With cola drinks, including Pepsi-Cola, blooming everywhere in fountains and in ads all over since the 1942 Pepsi-Cola armistice, Standard went into the U. S. District Court and asked the 1925 decree modified so that the word "cola" could be used in advertising, name, and trademark.

Judge J. Foster Symes stipulated, however, that all proposed designs and advertising be submitted to him privately before public use, so he can be sure there's no similarity to Coca-Cola designs.

## THEY BOUGHT OUT THE BOSS

Soda fountain clerks, janitors, and other employees of Llewellyn's, Philadelphia's bankrupt 85-year-old drugstore chain, came to work one day last week to find they owned the five stores. They had to do was perform their regular duties and await an explanation of how they were going to pay their share of the \$120,000 purchase price. The bid was made for them by a group of 30 employees, chosen from a total of 120, whose length of service ranged up to 26 years, to top an offer made in U. S. District Court by a New York syndicate. Judge Guy K. Bard ordered the sale after receivers he appointed July 9 failed to formulate a reorganization plan.

William B. Kean, for many years company supervisor, has been elected president. He announced that by virtue of a loan, \$66,000 had been paid in full. \$10,000 will be paid over a two-year period, and the balance of \$44,000 will be covered by an issue of six-year maturity bonds.



GET THAT  
**"Power Punch"**  
IN PRODUCTION  
FOR VICTORY!

**D**ODGE Rolling Bearings put more "power punch" in war production... by delivering maximum developed-horsepower to machines making the battle equipment that is so vital to Victory. The ruggedness of Dodge bearings fortifies their fine design and precision construction... they have the stamina to stand the punishing service of 'round-the-clock schedules in war or peacetime production. Their thoroughly dependable performance has proved this in many of America's industrial plants, large and small, where Dodge power transmission equipment has been a major power

**DODGE MANUFACTURING CORPORATION, Mishawaka, Ind., U.S.A.**

factor in production that has astounded the world!

Dodge Rolling Bearings "report for duty" completely assembled, easy to install, capable of 30,000 hours of operation on jobs for which they are adapted. Their sealed-in lubrication carries them through 50 million or more revolutions without re-lubricating. Indestructible steel-seals prevent loss of lubricant or entry of dirt... assuring longer bearing life.

With Dodge bearings, clutches, pulleys, Matched Quality D-V Drives and other Dodge power transmission units, the nearest Dodge Distributor can help you get the right drive for every job, in your present production or in plans for future power efficiency.

Throw all  
your Scrap  
into the  
Fight!

**DODGE**  
MISHAWAKA

Buy More  
War Bonds



**THE RIGHT DRIVE FOR EVERY JOB**

# LABOR

## Temporary Truce

Department store pacts signed after long controversy in Pittsburgh; 15-day clause is not included in m. of m.

The ink was hardly dry on the signatures to the 1942-43 collective bargaining agreements between a council of A.F.L. and C.I.O. unions and five Pittsburgh department stores before it was time to think of the 1943-44 contract conferences which are sure to inherit some of the unfinished business of the past year's discussions.

• **Escape Clause Dropped**—During the negotiations just ended, the National War Labor Board wrote history by departing from its custom of allowing members 15 days in which to withdraw from a union when a maintenance-of-membership clause is granted. The board directed that clerks of Kaufmann's store who were members of the C.I.O. United Department Store Employees and the A.F.L. Retail Clerks Protective Assn. on June 11 must maintain their membership in good standing for the life of the contract.

Dissatisfaction over this union security clause and NWLB's wage award, which the unions contend nullified their efforts to stabilize clerks' pay in the stores, was instrumental in delaying signing of the contracts until about a month before most of them expire (Nov. 1). The contracts contained NWLB directives for pay increases ranging from 45¢ to \$2.05 weekly and put into writing union security clauses which formerly were vest pocket agreements between the unions and the stores (BW—Jul. 3 '43, p100).

• **A Seventh Union**—Signing the contracts covering about 5,000 of the 9,000 employees was a council of four A.F.L. and three C.I.O. unions which formed a single bargaining unit after a strike in some of the stores last November (BW—Dec. 19 '42, p100). The A.F.L. Stenographers, Bookkeepers, Typists, Accountants & Assistants Union, representing 600 office workers, joined the council two months ago. Original unions in the council in addition to the A.F.L. and C.I.O. clerks were the A.F.L. restaurant workers and building service employees and the C.I.O. furriers and clothiers.

Union leaders hope the council will be enlarged eventually so as to cover all personnel. Their aim is a master contract with the Labor Standards Assn., the bargaining unit representing Kauf-

mann's, Rosenbaum's, Joseph Horne's, Gimbel's, and Frank & Seder's. Numerically, the major group of employees outside the council is the warehousemen, represented by the A.F.L. Teamsters.

• **Sop to the Unions**—NWLB's surprise action in scrapping the 15-day escape proviso in the maintenance-of-membership clause apparently was done as a sop to the unions, which had opposed Referee Charles Moos' recommendations for a standard m. of m. (BW—Mar. 20 '43, p110). Union spokesmen for Kaufmann's clerks contended they were entitled to a replacement arrangement enjoyed by clerks in the four other stores, where new clerks, after a 60-day probationary period, must join the union.

The unions also quibbled over the board's approval of a \$1.10 weekly wage increase for A.F.L. clerks at Kaufmann's

after Moos recommended that only C.I.O. clerks at Kaufmann's be given the \$1.10. The union leaders objected to the board's gratuitously giving the raise to the A.F.L. clerks to eliminate an intrastore inequality, but the board was criticized for giving no increase to clerks at Horne's and Gimbel's.

• **Irked by Differential**—In 1941, Kaufmann's granted wage boosts that gave its clerks from a dollar to two dollars a week more than other stores paid. When the contract negotiations opened last fall, the unions sought to eliminate the wage differential between the stores. But NWLB, disregarding the union efforts to stabilize clerks' wages, increased the wage differential by a \$1.10 boost at Kaufmann's. The union accused the NWLB of creating unfair labor practices.

The controversy was intensified when Kaufmann's made the pay boost retroactive to Sept. 15 (expiration date of some contracts) for nonunion employees and to Nov. 1 (expiration date of clerks' contracts) for union workers.

## CLINIC ON WHEELS

Free tuberculosis examination of Southern California war plant workers may be pointing a trend toward such tests in future hiring routine. Fast, low-cost X-ray methods used in the Los Angeles Tuberculosis & Health Assn.'s trailer-housed clinic (below) make mass tests feasible. The roving unit is now servicing plants where large numbers of workers have asked to take the simple chest X-ray (right). Individual reports are given each worker and positive cases are filed with state health authorities; but jobs are not jeopardized. Of 6,500 persons tested thus far, 1.5% are tuberculous.





## "YOU KNOW VALVES, BUDDY!"

A CERTAIN percentage of the thousands of untrained war workers come up fast. Some of them will make foremen, managers, owners because they are serious and studious.

For example—when such young men tackle a valve application or replacement, they refuse to operate "by guess and by gosh." They select the right valve and prevent future trouble by studying the job through in advance.

As a further precaution they refer to suggestions prepared by the National Safety Council. Thus, the man in the picture, while screwing a length of pipe into a valve, holds the

valve with a second wrench to guard it against twisting when the joint is tightened.

These men soon discover that

### National Safety Council Offers These Suggestions on Valve Safety

1. Install valves which are equal to the job in design, materials, and construction.
2. Operate valves slowly or use by-pass. Valves should be locked if there is any possibility of unauthorized manipulation which would lead to accidents. Be sure to lock valves leading to boilers in which men are at work and valves on lines where repairs are being made. Place warning signs near such valves.
3. Don't remove valve wheels from valves—particularly those at danger points calling for emergency operation.
4. Don't turn a valve stem with a wrench. This may make it impossible to operate the valve either by wrench or wheel.
5. Inspect frequently valves subjected to unusual strain from excessive pressures and temperatures and valves weakened by corrosive gases and liquids.



Reading-Pratt & Cady valves combine built-in safety with dependable performance and long life. These good qualities unite to reduce valve accidents, replacements and delays.

Reading-Pratt & Cady Valves are among the many products we build for Industry, Transportation and Agriculture, essential in peace, vital in war.

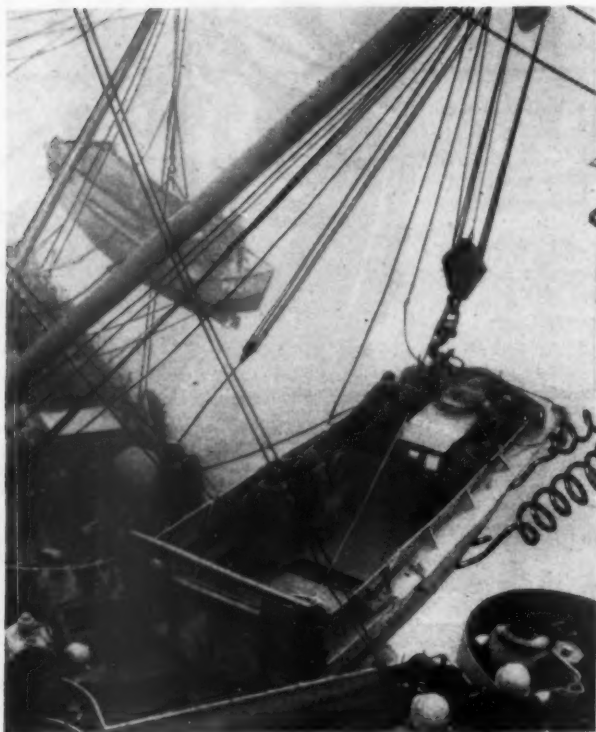
The American Chain & Cable Company is happy to cooperate with the National Safety Council in its nation-wide campaign to "Save Manpower for Warpower"—which is now being conducted at the request of President Roosevelt.

*In Business for Your Safety*

## AMERICAN CHAIN & CABLE COMPANY, Inc.

BRIDGEPORT, CONNECTICUT In Canada—Dominion Chain Company, Ltd. • In England—The Parsons Chain Company, Ltd., and British Wire Products, Ltd.  
Aircraft Controls, American Chain, American Cable Wire Rope, Campbell Cutting Machines, Ford Chain Blocks, Hazard Wire Rope, Manley Garage Equipment, Owen Springs, Page Fence and Welding Wire, Reading Castings, Reading-Pratt & Cady Valves, Wright Hoists and Cranes





Press  
Association  
Photo

## Lending a Hand for Invasion . . . .. KEYSTONE

This scene—launching landing barges for the attack on Attu—is now being re-enacted time after time at many invasion hot spots. And every time it occurs, wire is privileged to play a highly essential role. Notice the hundreds of feet of husky cable required for each boom that swings a barge over the side of the transport.

This is but one of thousands of ways in which wire mill production helps add impetus to the invasion. Planes, bombs, ships, tanks and ammunition, too, call on Keystone for many vital parts.

Victory comes first . . . after that we hope to again lend an efficient hand on many **CIVILIAN** assembly lines.

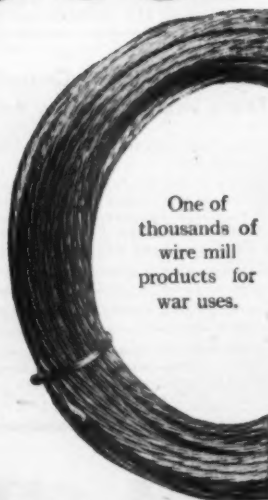
**KEYSTONE STEEL & WIRE CO.**  
PEORIA, ILLINOIS

Special Analysis Wire  
for All Industrial  
Uses



Just a little **SCRAP** counts  
up for finishing the big scrap!

# Wire



One of  
thousands of  
wire mill  
products for  
war uses.

board directive made the retroactive date Nov. 1 for all.

• **Continuous Performance**—The contract negotiations virtually are a continuous performance because conferences open this month on the 1933 agreements. About the same issues will be trotted out, council leaders indicate a request for higher wages; time and half for overtime instead of the present time and a third; women to be paid the same rates as men when they do equal work; and elimination of the current system which permits the stores to lengthen six weeks—in the business week—by four hours weekly with only straight time being paid for the extra hours.

## Boeing Surprised

Company, desperate for labor three months ago, landed 1,538 workers in big drive and may attract too many.

At the beginning of summer one of the most critical labor-supply crises in the nation was acknowledged to be at Boeing Aircraft Co., Seattle. The situation became so acute in July that the War Dept. ordered the cancellation of various other contracts in the Seattle area in an effort to get more aircraft workers (BW—Jul. 31 '43, p. 78).

• **They Come Too Fast**—Now, however, it is not improbable that Boeing will get even more job applicants than it can possibly use. In the period from Sept. 1 through Sept. 25, a net gain of 1,538 employees was recorded, and there are signs that applicants will increase in number by a substantial degree. Boeing had indicated that its immediate need was for 3,000 workers; its ultimate need—9,000.

The changed situation has come about as a result of a combination of factors: (1) an intensive campaign carried on since July 15 by the Seattle Chamber of Commerce to focus attention on the Boeing problem—the need for more workers to meet increased War Dept. schedules for Flying Fortress; (2) a series of steps taken by the company that have reduced turnover to a marked degree, such as the granting of ten-minute rest periods on all shifts; the extension of smoking privileges; improvement of transportation facilities; and the installation of numerous employee services in the form of bill-paying facilities, branch banking, etc.; and (3) National War Labor Board approval of Sept. 4 (signed Sept. 25 by Economic Stabilization Director Fred Vinson) of a job re-evaluation program involving upward wage adjustments for Boeing workers. In addition, a Boeing program of opening branch plants in other communities of western Washington

## IT TAKES 100 MEN TO LIFT THIS BATON



THE CONDUCTOR waves a little stick and, the magic, entrancing music cascades through the concert hall. With superb artistry, he brings out every nuance of the symphony, from light lilting run to crashing crescendo. The world calls him a master. But even the genius of a symphony conductor could not make a baton audible. The music that enraptures the audience flows from the hearts and talents of the orchestra. In the industrial world, too, there are men who must do the less spectacular. The Joyce Machine Company is an

example. Parts, sub-assemblies and machines built by Joyce are playing a major role in scores of great war plants throughout the country, solving difficult production problems, achieving new standards of speed and efficiency, helping to draw nearer the day of Victory.

From the Joyce plant, too, flows production quantities of sub-assemblies for gun mounts and other vital precision parts for implements of war, fabricated and assembled by Joyce craftsmen. The highly developed skills and experience of Joyce engineers and craftsmen are being

utilized by the Army, Navy, Maritime and Aircraft services—as well as by the nation's largest industrial organizations. This same skill and experience can be helpful to you—in meeting present war contracts—in solving postwar production problems. A Joyce representative will be glad to explain in detail the unique advantages we can offer.

**JOYCE**  
*Machine Company*

FRANKFORD • PHILADELPHIA

MANUFACTURERS OF PRECISION PARTS  
FOR ALL KEY INDUSTRIES

BEHIND THE MAN ♦ BEHIND THE MAN ♦ BEHIND THE GUN

# WAR FRONTS

★ ★ ★ ★ ★ **B**ecause of the constantly increasing number of men on the different fronts, it is necessary for us to steadily increase our production and to make sure our men are NEVER in need of supplies of any kind.

Our Government has entered into contracts with American industry to pay for the labor and material to produce munitions of war.

It is our privilege to help pay for these munitions through the best investment in the world—

# WAR BONDS

INTERNATIONAL BUSINESS MACHINES CORPORATION

**WAR PRODUCTION EDITION**  
of this well-known guide  
to executive leadership

Today every executive is alert to the necessity of better techniques in dealing with others for the furtherance of the common objective. Here is a new special edition of this sound and stimulating manual for every man who wants to improve his methods of getting along with others

## The Technique of EXECUTIVE CONTROL

Shows how to deal with problems of: **By ERWIN H. SCHELL, Professor of Business Management, Massachusetts Institute of Technology**

Price, only \$2.00

- responsibility
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- executive stimulation
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- leadership
- justice
- analysis of labor requirements
- introduction of the new employee
- difficulties with subordinates
- opposition
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- disloyalty
- dishonesty
- immorality
- irresponsibility
- the agitator
- difficulties with superiors and associates
- responsibility for errors

**S**HOWS that executive technique is not a mysterious sixth sense, but a quality that can be definitely developed by anyone who will follow the simple methods laid down in this manual. Defines the tools of executive control; outlines the factors involved in the successful handling of others; gives practical and usable methods for getting a maximum output of work with a minimum amount of friction. In this edition a new chapter discussing the influence of the current emergency upon the various techniques of executive control has been added.

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330 W. 42nd St., New York 18, N. Y.

Send me Schell's The Technique of Executive Control, War Production Edition, for 10 days' examination on approval. In 10 days I will send \$2.00, plus few cents postage, or return book postpaid. (Postage paid on cash order.)



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90 • Labor

helping the over-all problem, as the War Manpower Commission permits for the company to recruit workers several outside areas.

• **Big Show Planned**—The fear that Boeing will get more workers than needs stems from the fact that the recruiting campaign, rather than tapering off, actually is just getting into its swing. Plans revolve around a huge Army show which is to be held in the University of Washington stadium, Seattle, on the night of Oct. 3.

This show, which will feature 150 troops and more than 100 combat vehicles, plus hundreds of pieces of other equipment, will be staged by the War Dept. The show is billed as "Sea of Attacks." By the time it has ended its purpose is fulfilled, the 40,000 persons expected to attend will have been impressed with the fact that more equipment is needed for the fighting forces, and that Boeing Flying Fortress presses head the list.

• **Invitation to Work**—Boeing employment cards will be passed out to all who attend the show. Moreover, the plan is to have similar cards distributed from house to house in the city, beginning the day after the show, and community, civic, and women's clubs will be called upon to fill quotas of new Boeing workers.

## Union Prospers

Steelworkers experienced big wartime rise in dues with total membership approaching the million mark.

The second public financial report of the C.I.O. United Steelworkers of America revealed a wartime boom for increased membership, and an expensive attempt to unionize the last major holdouts in the steel industry: Weirton Steel Co. and American Rolling Mill Co.

• **Net Worth Rises**—The 60-page annual recorded net income for the six months ended May 31, 1943, of \$871,328, and net worth of \$2,646,233. The first published financial statement, issued in February (BW—Feb. 27 '43, p.60) covering the seven months ended Nov. 30, 1942, revealed U.S.A.'s net income as \$301,187 and its net worth as \$774,905.

Probably second only to C.I.O. United Auto Workers in size, the steelworkers' union membership swelled from 726,625 to 745,000 in the 10 months. Including 200,000 members in the armed forces, the membership is almost a million.

• **Dues up, Fees down**—The take for the membership was \$3,626,879 in dues and \$362,820 in initiation fees.

Business Week • October 2, 1943





Even at 20,000 feet...



...you'll enjoy  
"low altitude comfort" in  
AiResearch-pressurized cabins

Imagine yourself leaving an airport at sea level... climbing swiftly to 20,000 feet, over storms and highest mountains. Then sweeping back down to sea level... without once feeling a change of altitude. No sense of dizziness at all. Not even "ear popping".

That's the kind of air travel that will be ready for you when peace comes. It will be made possible by pressurizing the cabins of postwar airliners—keeping the altitude inside "measured" for your comfort at all times.

The pressurized cabin is not a new idea. Engineers were working on it long before the war. But now from air control specialists at AiResearch—men who have taken a leading part in

the development—comes this definite assurance:

When your postwar airliner travels the higher altitudes—up where flight is smoother, faster and safer—you, in a pressurized cabin, will never be out of the kind of good air you're accustomed to breathing. Up or down, you'll

be as cozy and relaxed as in your living room at home.

• This same AiResearch engineering experience will, when peace comes, bring you other amazing air-controlled devices for your home, office or farm. AiResearch is a name to remember.



"Where Controlled Air Does The Job". Automatic Exit Flap Control Systems • Engine Coolant Systems • Engine Oil Cooling Systems • Engine Air Intercooling Systems • Supercharger Aftercooling Systems

## Turnover Multiplies Labor Worries

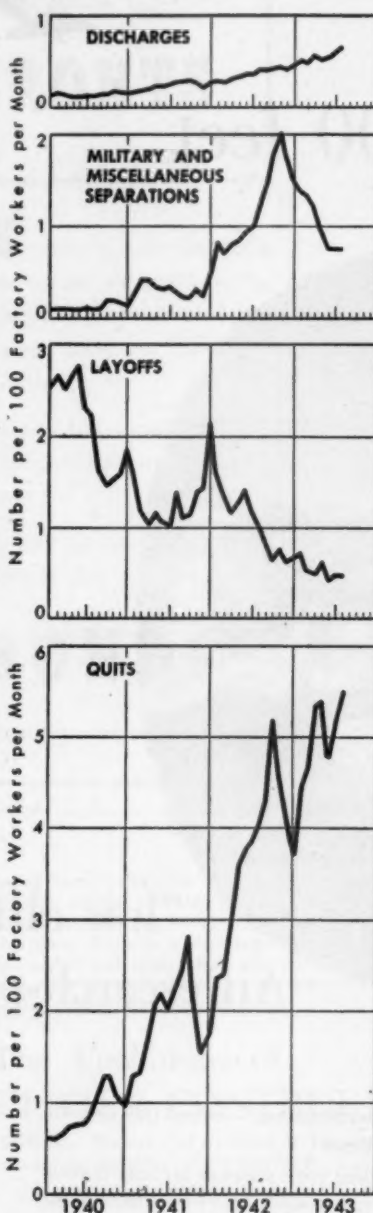
Manpower officials are counting on reduced separation rates as one of the chief benefits to be derived from the system of centralized hiring just installed on the West Coast. But they quietly despair of slowing the whirlwind turnover in other areas until such employment controls can be imposed.

Quits, of course, are the personnel manager's chief headache (chart, opposite), and such measures as requiring a "certificate of availability" for permissible transfer from essential employment have not reversed the upward trend—although War Manpower Commission experts insist that rates would be even higher otherwise. Once hiring is centralized through the United States Employment Service, as on the West Coast, workers who do not obtain USES approval for transfers cannot easily obtain other employment; this effectively cuts quit rates.

Incidentally, newly published statistics indicate one reason why quits go up; rates among women run almost twice those among men on the average, and women constitute an ever larger proportion of the total factory labor force. Some new women workers find aircraft, ordnance, and machinery jobs too arduous, while many others complain that they cannot keep up with homemaking duties as living conditions deteriorate (BW—Sep. 25 '43, p108).

Military separations are off sharply from the October, 1942, peak, while miscellaneous separations such as deaths, illness, etc., remain at low, stable levels, as during 1940. The drop in the military figure results from the fact that draft quotas have been smaller, and these have been filled by many school-going 18-year-olds. Also, increased use has been made of occupational deferments. The easing off in induction rates is counterbalanced by the fact that many of the men now being taken are "key" men—engineers, supervisors, inspectors—who are ever harder to replace. The drafting of even a few of these specialists can upset plant operations—so much so that West Coast manpower plans provide for more careful integration of Selective Service administration with employment schedules.

Layoffs, of course, have diminished with the tightened manpower situation. Nevertheless, there are still materials shortages and seasonal shut-downs, as well as problems incident to a changeover to new types of production, and some layoffs are attrib-



Data: Bureau of Labor Statistics.

© BUSINESS WEEK

table to these factors. Others—increasingly—can be attributed to the effect of contract cancellations which come as a result of changing military needs.

Discharges, interestingly enough, now run double the 1940 rate—although they are still of small consequence in the total picture. Firing of chronic absentees is the chief reason for the rise, and other forms of rule-breaking naturally increase when labor is in such extreme demand. In addition, many of the new marginal workers being hired are just too incompetent to keep.

which \$1,070,760 was refunded to 1,800 locals. Most profitable of the organized districts was Calumet (Chicago) which paid \$401,737 in dues collected from May 1 to Nov. 1942, totaled \$3,150,873 and initiation fees \$394,069.

Of the \$1,428,136 spent by the district offices, the biggest expense was \$127,516 for organizational efforts in "Armco-Weirton district." Thus the union has no contract with Weir Steel, while it has lost two collective bargaining elections and won one Armco plants.

• **Salaries \$136,686**—The largest item of the union's international office's \$631,686 expenses was a per capita tax of \$152,723 paid to C.I.O. A total of \$136,686 was paid for salaries of 79 officers and employees in the international office. The union boosted its investments in United States and Canadian war bonds in the six months from \$82,000 to \$594,968.

## SOLDIER DUES STUNG A.F.

High officials of the American Federation of Labor are not easily embarrassed by unsavory antics of A.F.L. affiliates. Last week, however, a matter of \$37.50 was threatening to erode A.F.L.'s veneer of indifference to public opinion.

The Cannery Workers Union is \$37.50 richer because of 50¢ a head collected in lieu of union dues from soldiers who worked for two weeks at southern New Jersey canneries—the P. Ritter plant at Bridgeton and the Ed. A. Hurff plant at Swedesboro—during the recent tomato crisis. Holding a closed shop contract with two canneries which used soldiers from Fort Dix to process tomatoes to avert spoilage due to the manpower shortage, the union collected a bargain rate fee, half regular dues, from the men in uniform. In defense of its action, the local union involved said that dues were deducted from soldiers' pay only after the men had volunteered to make the payment, and only then because the men were "on leave and subject to conditions existing in the plants." The union also pointed out that the men were paid union wages which ranged from 50¢ to 60¢ an hour while they continued to receive their Army pay.

A company official maintained the soldiers were told if they did not authorize a checkoff they would not be allowed to work.

Indignant press comment which greeted the news of A.F.L.'s \$37.50 windfall jolted federation leaders, though they haven't been jolted in a long time. Discussions are in progress on how to counteract the impression of an avowed, unpatriotic organization which the Jersey episode may leave in the public mind.

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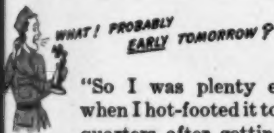
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## I'm as sunk as a Jap destroyer !"

Having a baby is tough enough on a soldier, without it coming ahead of time.



"So I was plenty excited when I hot-footed it to headquarters after getting that long distance telephone call.

The C.O. was swell about it, though, when I asked could I go home. Gave me furlough quick as you can say "Paratrooper", which is what I'm training for. Got a lift in here from camp—feeling good—but now I'm as sunk as a Jap destroyer because . . .

I'm stuck! The plane was sold out and the only train home until morning is the all-Pullman Limited—leaving in ten minutes with every bed reserved!

"Now, I wouldn't mind so much, if I was overseas with no chance of getting home—like lots of guys when their babies

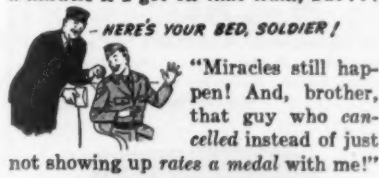
are born. I could take that without crabbing, as a part of war.

"What burns me up is that here I am only a few hundred miles away—with a perfectly good furlough—and it looks like I'll stew in the station all night long. That's war, too, I suppose—travel being so heavy—but by the law of averages you'd think that someone with a reservation on that train would change his plans and not be able to use it.

"And this being wartime, you'd think he'd surely cancel it, so someone else could go!

"There's still ten minutes for that to happen. That's why the railroad and Pullman people—who've practically turned this station inside out trying to

help me—said to stick around. It'll be a miracle if I get on that train, but . . .



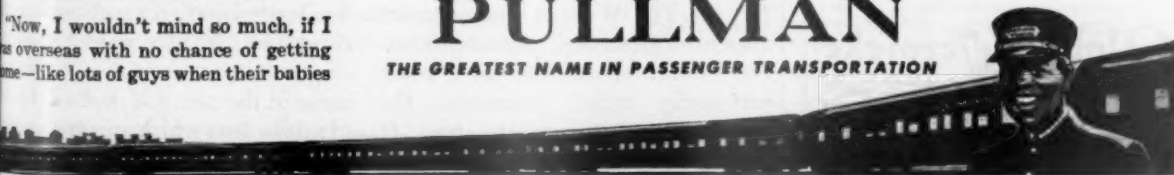
Although sleeping cars are loaded to a higher percentage of capacity than ever before, practically every train carrying Pullmans still goes out with unused space due to "no shows" and late cancellations.

So please cancel well in advance of train departure, when plans change, and make the Pullman bed reserved for you available to someone else.

BACK THE ATTACK—WITH WAR BONDS

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The Ardmore bookcases shown below are excellent examples of wood craftsmanship. This popular style has won wide recognition for fine quality and dependable value. Books are always within reach... convenient and handy... unexcelled for home and office use. Designed for efficiency and beauty... they harmonize with other furniture. Consult the local G/W dealer... or write us.



ARDMORE No. 42

For the home... adds dignity and a cultural atmosphere. For the office... executives, engineers, buyers, draftsmen, etc., will appreciate this bookcase.



ARDMORE No. 24

For the study... right size for man's study or a small apartment. Convenient beside an easy chair.

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CINCINNATI

Makers of over 4000 Items  
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## Brewster Puzzle

Kaiser's name hasn't been enough to get production out of plane concern; troubleshooter to tackle labor mess.

Now that the magic of Henry J. Kaiser's name as chairman of the board of Navy-controlled Brewster Aeronautical Corp. has failed, by itself, to cure the firm's inability to produce planes, the West Coast production superman is assuming active management as an almost last-ditch hope of ironing out the difficulties outlined by both company and union officials to the Senate's Truman committee last week.

• **On Labor Relations**—First move in the step-by-step plan for Kaiser to take over is the appointment of Henry Morton, his labor expert, as vice-president in charge of industrial relations. Morton, who has handled Kaiser's problems without the loss of a single day through strikes, is confident he can "do business" with Local 365, United Automobile Workers (C.I.O.) which has been operating under the controversial closed-shop contract with Brewster.

This latest effort to get planes rolling off the lines at Brewster follows a turbulent year and a half. In the spring of 1942, the Navy took over, ousted the management, and released the plant after a few weeks under new executives. A year later, things were still dragging,

and Kaiser was called in to see what he could do. The flareup and strike over Navy arrest of four plant guards grabbed headlines only a month ago.

• **Momentous Meeting**—The decision to give Kaiser wider latitude is believed to have been reached at a four-hour session in Washington Sept. 24 in which members of the Truman group and House Naval Affairs Committee conferred with Artemus Gates, Assistant Secretary of the Navy for Air. However, the Navy will not relinquish control entirely, as it will continue to speak through Frederick Riebel, Jr., shifted to the Brewster presidency from the Navy's Bureau of Aeronautics at the same time that Kaiser went on the company's board of directors.

The Navy also will continue its jurisdiction over the plant guards and watchmen whose refusal to surrender union seniority privileges as members of the U. S. Coast Guard Temporary Reserve precipitated the recent strike at the Hatboro (Pa.) plant (BW—Sep. 4, p88). Four of the men were placed under arrest at the time. Since then two have been discharged after court martial proceedings. Others are awaiting a Navy decision.

• **Charge and Countercharge**—During and since the strike, company officials and union leaders have indulged in great deal of name calling, each blaming the other for production failures. Riebel declared the C.I.O. contract was unworkable, that it was scuttling his same as it sank three previous management agreements. It was he who asked the

## THOMAS VS. TEXAS

Since its enactment, Texas' new Manford Act—designed to "regulate" union organizing—has been the butt of legal attacks by both C.I.O. and A.F.L. Last week R. J. Thomas, United Automobile Workers president, took the bull by the horns at the oil town of Pelly, coming off second best and minus \$1,000 posted for bond, but he brought the fight to a quick head. Insisting that the law, which requires that union organizers can only ply their trade with a card issued through the Texas Secretary of State, is unconstitutional, Thomas made known that he would not only speak at Pelly but solicit membership for the Oil Workers International Union. Forewarned, Attorney General Gerald Mann obtained a court restraining order, instructed the county sheriff to set the trap. It sprang, catching not only Thomas but three other union officials. Labor's



case against the law thus came directly into Texas' courts for test and action. And Thomas, released after a few hours in jail, is expected to be in court Oct. 20, the date his habeas corpus writ is returnable. On the outcome of the case will depend the fate of similar laws which are now in effect in the states of Colorado, Kansas, Alabama, and Florida.

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# THANKFUL for a bit of Canvas Overhead

... Sanananda Area: It really rains in New  
— inches in one night — and a bit of Canvas  
head is mighty welcome.

every yard of Hooperwood FIRE CHIEF-finished  
is just as important to the war effort as steel,  
ammunition, explosives and other vital materials, for our  
forces literally travel, live and fight under canvas.

When the war is over, this amazing fire, water,  
mildew and mildew resistant Hooperwood "Engineered  
Fabrics"—now produced exclusively for government  
use—will open up new broad fields of usefulness,  
in many widely used products.

Attention but a few — awnings that won't ignite from  
easily-tossed cigarettes or rot from mildew; special  
truck covers that will outlast their predecessors

several times over; welding curtains, construction wind-  
breaks and tarpaulins that refuse to burn even though  
touched by torches, hot rivets, or glowing coals; canvas  
marine supplies that will help strike out the fear of fire  
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and oil.

These and many other applications of Hooperwood  
"Engineered Fabrics" for business and industry will be  
waiting for you when conditions return to normal.

**WM. E. HOOPER & SONS CO.**  
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Since 1800 (through six wars) the HOOPER name has symbol-  
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## MERIAM MANOMETERS

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• **IDEAS, INVENTIONS OR PATENTS**—A company with a nationally known product would like to consider ideas and inventions suitable for post-war use in the industrial and commercial field of applying and dispensing lubricants, such as pumps, point to point, centralized lubrication, etc. Also hydraulic, vacuum, or pneumatic actuated mechanisms, pistons, valves, etc., as used in the Aircraft and Automotive field. Also passenger and industrial elevators, automatic leveling devices, controls, etc., and similar items such as portable lifting and stacking trucks or mechanisms used about factories, etc. Before sending us any information, please write for detailed instructions, Dept. NP2, L. W. Ramsey Advertising Agency, Davenport, Iowa.

### employment service

• **EXECUTIVES SEEKING** \$2,500 to \$20,000 positions may contact employers through our confidential services. Estab. 28 yrs. National Business Bourse, 20 W. Jackson, Chicago.

### position wanted

• **SEASONED EXECUTIVE**—War work completed, desires contact manufacturer post-war or consumers goods. Experienced Finance, Accounting, Sales and Production, Engineering and Maintenance. Draft Classification 4H, Box 358.

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• **"SEND NO MONEY"** by Louis E. Anher and Edith Heal. The inside story of Sears Roebuck & Co. and Richard Sears, his magic methods of creating business and millions in profits; intimate letters on promotion policies. Illustrated. 240 pages, cloth bound, stamped in gold. A book of priceless value to every businessman, every advertiser. \$2.75. Argus Books, 14 N. Michigan, Chicago.

### position vacant

• **ENGINEERING AND PRODUCTION** executive. Small manufacturer of electrical and mechanical devices now running at capacity on war work wants man capable of assuming responsibility for current and post-war operation and development. Location Chicago. Write experience and salary desired. Box B59.

### "clues" information

"clues" ads are published as space is available, usually within two or three weeks of receipt. Closing date on publication issues, Thursday of preceding week. Rate: 50 cents a word; \$1.50 per line. Minimum \$1. Box number counts as 9 words. Address replies: c/o Business Week, 330 W. 42nd Street, New York 18, N. Y.

## UNCLE SAM'S WAR CHEST

calls for a BILLION DOLLARS A MONTH in War Bond sales. Do your part by encouraging your employees to set aside at least 10% of the gross payroll in War Bonds, through the Payroll Savings Plan!

Truman committee to step in and place the blame.

The National War Labor Board has stepped into the dispute and instructed the union and the company to "execute forthwith" a collective bargaining agreement, and Morris Shapiro, NWLB representative, has been assigned to the task of disposing of the 19 issues which are in dispute in the contract to replace the one that expired on Jan. 31.

## NEW LEWIS STRATEGY

Persistent John L. Lewis is again back in the National War Labor Board's hair, this time with a rewritten contract covering the Illinois coal fields for which he seeks approval. Determined to get the \$2 a day wage increase that he proclaimed as his goal last April, the new agreement revises the present work and pay schedules for miners and provides for an 84-hour day which will include underground travel time. The extra 14 hours work would be compensated for at \$1.75 which, added to the 25¢ a day previously awarded by NWLB for tools and lamps, would bring miners' cash gains to the Lewis figure.

Several weeks ago (BW—Aug. 28'43, p14), the board declined to approve a Lewis-written Illinois contract that called for a \$1.25 daily allowance for portal-to-portal time. The latest agreement does not separate portal-to-portal time from additional work time, and it is accorded a better chance of receiving NWLB's O.K. Its final execution, however, is contingent not only on NWLB action but upon OPA as well.

Mine operators have declared that the contract cannot become effective until the higher labor costs it calls for are underwritten by higher prices.

## "COMP" PREMIUMS CUT

Effective this month, workmen's compensation insurance premiums take a drop on virtually a nation-wide scale. The saving to employers occurs through a proposal by the National Council on Compensation Insurance affecting calculation of insurance premiums on wages paid for overtime work at "penalty" pay, such as time and a half. State insurance commissioners to whom the proposal was made are believed certain to accept it because it involves a cut in premiums, and to give it the weight of an order to the carriers within their jurisdiction.

Premiums are based on payroll volume. As payrolls soared under the stimulus of war production and overtime work, premiums rose too. Last spring, at the instigation of Adolph Reutlinger, president of a Louisville insurance agency, the Kentucky Workmen's Compensation Board directed carriers in the state to discontinue collecting premiums on 75% of overtime wages (BW—Jun. 5'43, p80).



## AIRMINDED MISS

One of the busiest workers at Des Moines Airport nowadays is the assistant air traffic controller, Dorothy Wise, a former airline hostess. From her glass tower she often handles a plane a minute, monitors the runways while monitoring radio circuits, keeping an ear on five phones, and announcing flights to the public address system. In her spare time, Dorothy takes flying lessons.

The national council goes a step further. It is proposing that if employers keep their accounts in such fashion that the carrier's auditors can distinguish readily between overtime wages straight-time wages, the "penalty" portion of overtime pay shall not be included in the total amount on which the insurance premium is calculated. The bookkeeping system masks such distinction, then the auditor arbitrarily would deduct from the total payroll one-third of the amount carried on the books as overtime wages before computing premium.

## CASES FOR THE PRESIDENT

That the White House will have a delicate job of determining wages for all employees of the nation's railroads was assured this week when the report of the Railroad Emergency Board, recommending a 4¢-an-hour hike for 300,000 operating workers, was bitterly attacked by union heads. The question of what was denounced as "ridiculously paltry award" is certain to be a formal session.

This imminent action will send the train crew wage dispute to President Roosevelt who already has his hands full with the nonoperating employees case involving more than a million workers. In both cases, specially appointed



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*L. S. Williams, Senior Research Engineer. A Toledoman since 1924, his original research has widened the horizons of useful knowledge . . . resulting in new and important developments in precision force-measuring devices.*

## RESEARCH made Light fight, too

In this total war Light is fighting for us, in ways former wars never knew. Research in Optics, the Science of Light, has given new strength to our arms.

At sea, the deadly fire-power of our Navy owes its effectiveness to precise optical controls. In the air, the miracle lenses of map-making cameras probe the vitals of enemy installations miles away; and the precision of our high altitude bombing is a devastating demonstration of applied optical science.

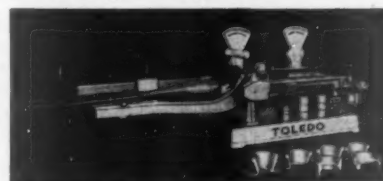
Long before the war, Toledo Opti-

cal Research played its part in the search for new knowledge in the use and control of Light. It was ready when War called; as were Toledo Research developments in many other fields of war-need.

Today Toledo precision devices and controls located deep in the vital centers of War production serve their country in the production of plane engines, explosives, synthetic rubber and myriad other War uses.

And when the Great Tomorrow comes new progress, born of Toledo

Research at War, will be ready for service in the broader fields of a World at peace again.



*This Toledo Precision Device balances air-plane propeller blades both longitudinally and transversely, permitting blades to be made fully interchangeable . . . and at field bases, permits worn or damaged blades to be rebalanced, rematched, and returned to service.*

### TOLEDO SCALE COMPANY

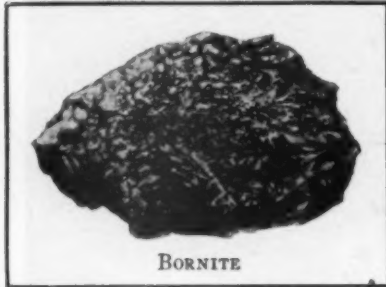
Toledo, Ohio

Canadian Toledo Scale Co., Limited, Toronto, Ont.

## COPPER IN WAR—VERSATILE AND POTENT

### Invaluable to Victory

Men at war recognize the necessity of copper for munitions. Bornite ore, shown below, is a valuable source of potent wartime copper. It takes a 1¼-lb. piece of bornite to produce the single ounce of copper needed for one caliber .50 tracer bullet jacket.



BORNITE

Nature doesn't give up the precious red metal easily. It takes time and manpower to mine, crush and grind the ore, to smelt it . . . to refine the copper, melt and cast it. Only then is copper ready to be remelted and alloyed, cast, rolled or drawn into commercial shapes for fabrication into finished products.

Here are a few wartime requirements for copper. An M-4 tank requires 950 lb., a fighter plane about 1,000 lb., a Flying Fortress 2,968 lb., a submarine 348,000 lb., a destroyer 463,000 lb.

This gives an idea of why The American Brass Company, operating 13 U.S.A. and Canadian plants, is working round-the-clock these days just to supply the copper for "war" uses.



SAVOY-PLAZA

### Saving manpower

When the Savoy-Plaza, fashionable New York City hotel, was constructed in 1928, Anaconda Brass Pipe was used throughout for water lines, in keeping with the hotel's policy of installing the finest and most enduring equipment.

Increasing the total plumbing cost by less than 6%, the investment for non-rust pipe has repaid itself many times over. There has been no instance of failure, no interruption of service, virtually no upkeep problem . . . especially important during the recent years of labor shortage.

### Americans at War

Since the birth of our country, American women have always fought shoulder-to-shoulder with their men to preserve their homes and their way of living against aggressors.



SOLDIERS BOTH  
Replaces son at machine

No exception to this time-honored tradition is Mrs. Berenice R. Foster, an employee of the Metal Hose Branch of The American Brass Company. After her son, Corporal Stewart J. Foster, left in the spring of 1941 to join the Army, she took over his machine to help produce the fighting tools necessary to win World War II. Like thousands of other American Brass workers, she wears her "E" pin proudly, knowing well what it stands for.

Reg. U. S. Pat. Off.

4319



Back the attack with an extra War Bond

Published in the interest of a better informed war effort by

**THE AMERICAN BRASS COMPANY**

General Offices: Waterbury 88, Connecticut

• Subsidiary of Anaconda Copper Mining Company



### SUNDAY STEVEDORES

By doubling as Sunday stevedores, white collar workers are easing freight jams at railroad terminals while earning upwards of \$1.00 an hour. Typical is a New York Central general agent, Glen Darling (above), who unloaded three cars on a recent Sunday. He and 50 other railroad office employees took over at Detroit when help wanted ads failed to produce

boards made recommendations for pay increases. The nonoperating award of an added 8¢ an hour was set aside by Economic Stabilization Director Fred Vinson, and the unions' vote to strike sent the case to the President. Taking its cue from Vinson, the board handling the operating unions' demands decided to award only a 4¢ boost and save Vinson the trouble of repeating himself.

Best guess is that the President will devise some overtime scheme without technically violating the Little Steel formula.

### SUPERVISORS MAY BARGAIN

The National Labor Relations Board has not been able to win universal acceptance of its doctrine that supervisors or foremen are management men and are not, therefore, entitled to collective bargaining rights and privileges. Unions have rejected it and—as in the case of the Foreman's Assn. of America—have continued to organize supervisory employees. Now a decision by the New York State Labor Relations Board in contradiction of the NLRB policy enunciated in the Maryland Drydock case (BW—May 15 '43, p8) promises to mitigate further the effects of the national board's stand on the issue.

The New York case lined up C.I.O. Transport Workers Union against the Bee Line, Inc., bus company, and it involved the question of the union's right to represent dispatchers, starters, and

inspectors, the bus drivers' immediate supervisors.  
The New York board acknowledged the dispatchers, starters, and inspectors represent management, but it rejected the argument that permitting them to select as their bargaining representative the union of the drivers would compel a division of allegiance between company and union. In deciding that the bus company supervisors constitute appropriate bargaining unit, the New York board refused to reverse its former position on this issue.

### THIRD SHIFT DROPPED

Bell Aircraft has hit the bottom of the manpower barrel and, as a consequence, is dropping the third shift in its Niagara Falls plant. Third-shifters will be reassigned to other jobs at the Falls; the three-shift schedule will be retained at Bell's Buffalo plants.

Both Bell Aircraft and Curtiss-Wright report a net loss in employees because of high school boys' returning to their classes, the drafting of approximately 100 men a week, and desire of many women to return to their household tasks.

Curtiss would hire 3,200 men and women and Bell 2,000 if they could get them.

### UNION BOYCOTT ENJOINED

After a six-year seesaw in the courts, seven electrical equipment manufacturers last week won their fight for an injunction restraining New York Local 3, I.L. International Brotherhood of Electrical Workers, from enforcing a boycott against their products (BW-11'41,p66). But the union, still determined to take it to the Supreme Court if necessary, already is drafting an appeal.

The restraining order, issued by Judge Francis G. Caffey in the U. S. District Court at New York, directed the union and its officers not to seek to induce anyone to refrain from using the products of the plaintiff manufacturers. Caffey barred the door against possible subterfuge by forbidding the union to adopt or enforce any punitive measures against union members who handle or install the products. The injunction also specifically forbade refusal to handle the products on the ground that they were made outside the five boroughs of New York City—the device by which the powerful local was accused of having maintained a boycott to the benefit of local manufacturers.

Companies joined in the fight are Allis-Chalmers, Westinghouse Electric, General Electric, Cutler-Hammer, Square D, and Bradley Co., Clark Controller Co., Westinghouse Patent Fire Arms Mfg. Co., Electric Controller & Mfg Co., Monitor Controller Co., and Trumbull Electric Co.

Gee, Dad, it won't be any fun without you



"SORRY, SON, YOU AND MUMMY will have to have the birthday party without me. Look at my desk. Nobody knows what's to be done but me. A thousand little jobs that ought to take care of themselves. And I haven't even started the really important job that has to be done before I go home tonight."



"AS YOUR PRINTER, Mr. Wallace, I'll make a suggestion. Read this Hammermill book, '3 Steps that Get Things Done.' It tells how to organize routine, simplify work with printed forms that get things done right and on time."



"I'M STEPPING OUT WITH MY FAMILY tonight, Jimmy. Look at that desk. Clean as a whistle. All set for tomorrow. Put everything in writing. Put it on paper. The mill book showed me how easy it is." That's the answer. And that Hammer-

LOOK FOR THE WATERMARK

IT IS HAMMERMILL'S WORD OF HONOR TO THE PUBLIC

#### "KNOW HOW"

When you put the ideas in this book to work. Hammermill suggests that you specify dependable Hammermill Bond. Backed by over 45 years experience, Hammermill papermakers have the "know how" to produce paper that meets the test of business use.

# HAMMERMILL BOND



FOR VICTORY, BUY WAR BONDS

For free copy of the new little book, "3 STEPS THAT GET THINGS DONE," attach coupon to your company letterhead and mail to Hammermill Paper Company, Erie, Pa.

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Position \_\_\_\_\_

(Please attach to your company letterhead)

BW-10-2



# FINANCE

## Fight up to ICC

**Issue of competitive bids for railroad securities—long a bone of contention—now awaits a formal decision.**

When family fights get out of hand, and skeletons are dragged out for the edification of the neighbors, it's hard to tell what the repercussions will be. That's why investment bankers bewail the fact that they haven't been able to settle their quarrel over competitive bidding for new issues of railroad securities within their family; now an Interstate Commerce Commission decision in the brawl has become almost inevitable—a subject spiked by ICC ever since a formal investigation in 1922.

● **Matter of Negotiation**—Traditionally, railroad securities, other than equipment trust certificates, have been sold by negotiation between the roads and groups of bankers. Equally traditional is the fact that Kuhn, Loeb & Co. and Morgan Stanley & Co. have been the dominant bankers for the railroads.

Most of the people who have to make their living in the bond business would hate to see any change in the setup as radical as compulsory bidding for rail issues—jealously though they may eye the position of the two top houses from time to time. Their attitude was typified by the bitter (but losing) fight they put up when the Securities & Exchange Commission was incubating its Rule U-50 which finally forced most public utility issues onto the auction block.

● **Started in 1938**—The railroad battle was precipitated by ex-Wall Streeter Robert R. Young. Ever since 1938, when he fought the House of Morgan over control of the so-called Van Sweringen rail empire, Young has been undercutting the traditional leaders in the new issue market. He has been particularly successful when his chief holding company, Alleghany Corp., has had a stake in the financing involved, but he also has been highly vocal in other situations where his connection with the business was much less direct.

Young was not long in striking out at Harold Stanley and the rest of the "Morgan crowd." In 1938, he cut them out of a juicy bit of business when he had the Alleghany-controlled Chesapeake & Ohio sell \$30,000,000 of bonds to his staunch allies, the big Chicago underwriter, Halsey Stuart & Co., and Cyrus Eaton's Cleveland underwriting firm, Otis & Co., on the grounds that their price was better than any that

could be secured via a Morgan-Kuhn Loeb bid.

● **Friend Lands One**—A little later, he forced the sale at competitive bidding of Cincinnati Union Terminal and St. Louis Terminal issues, where previously Morgan also had been the traditional bankers, and one of these was awarded to friend Henry L. (Harry) Stuart of Halsey Stuart, which made victory even sweeter.

In late 1941, he struck again. This time, though C. & O. no longer controlled the road, Young intervened successfully in the case of a new \$18,000,000 Erie issue. Here the ICC rescinded an earlier negotiated sale to Morgan Stanley and ordered the bonds sold at auction. Once more, Halsey Stuart ended up finally with an offering originally tabbed for Morgan.

● **Erie Snagged Again**—Next, due to an ICC investigation brought on by objections filed by Young and the C. & O., Erie again had to cancel a previously negotiated sale (BW—Feb. 13 '43, p101), this time of \$14,000,000 3½% bonds sold to Morgan Stanley for public distribution. The ICC, though ducking a final decision on competitive bidding, bawled out Erie for not having explored the possibilities of a better price elsewhere, and the road soon changed the financing into \$10,000,000 of serial notes. These it sold at competitive bidding, and again Halsey Stuart was low.

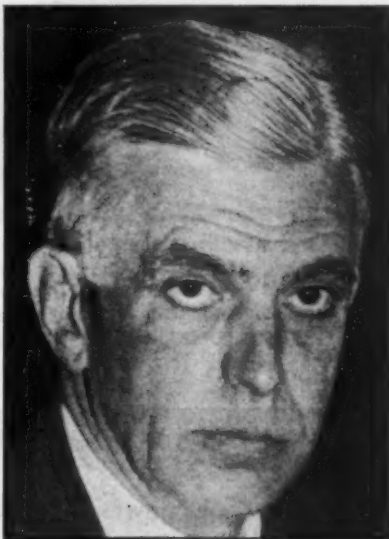
In July, the fight flared up again. This time Young was conspicuous by

his absence, but his colleagues, Stanley and Eaton, were in there swinging for him. They showed no hesitancy, either in tackling a tough customer—the Pennsylvania, a "Kuhn Loeb road"—in which the Young group very definitely has an entrée.

● **Westerners Repulsed**—In this case the ICC finally approved an earlier negotiated deal under which Kuhn Loeb bought \$28,000,000 Pennsylvania, Ohio & Detroit 3½% refunding bonds. Also the ICC termed a last minute offer by Young's allies to buy the bonds at 101 vs. Kuhn Loeb's original price of 100 as "made on the spur of the moment and without adequate consideration."

From there on, however, the Pennsylvania-Kuhn Loeb victory petered out. The ICC wasn't convinced that the road had secured the best price possible for its bonds. Also, it forced Kuhn Loeb to up its price to 101½. The ICC too, was disturbed by testimony about interlocking directorships of the road and many institutions handling the bonds (a pet theme of Young's when denouncing negotiated sales and "bank dominated" directorates) and in comments on this phase of the matter didn't spare the lash. Then, to cap the climax, the commission suddenly decided that it should conduct a formal inquiry into all aspects of the competitive bidding picture.

● **The Formal Lineups**—In the period set aside for the filing of briefs (just completed), the ICC received 46 communications of which only eight favored competitive bidding. Of the 23 active briefs filed, 16 wanted a continuance of the negotiated sale method. This group included such organizations as Metropolitan



Key figures in the fight over competitive bidding for new issues of railroad securities are Harold Stanley (left), head of Morgan Stanley & Co., one of the two dominant Wall Street



bankers of steam carriers (Kuhn, Loeb & Co. is the other), and Robert Young, ex-Wall Streeter, now head of the Van Sweringen roads, and an enemy of the House of Morgan.

# Man with a Wheel...



THE Stainless Steel this man is working on today may be in Italy, Germany or Japan next month . . . part of a gun, a tank or a plane.

The Man With The Wheel knows that every piece of Stainless Steel that leaves his hands must meet gruelling tests on battlefronts and production lines. Trained in exacting apprenticeship and seasoned through experience, this workman knows that skill, thoroughness and care are helping to defeat the enemy, to shorten the war and to save American lives.

The products of this wheel are giving dependable service in every sector of this global war. RUSTLESS, largest producer of Stainless Steel, is helping to make American fighting weapons count where they will mean the most. Our laboratories are constantly developing and testing Stainless Steels to meet new and exacting requirements.

War has telescoped time, crowded work that formerly took years into a brief span of months. We are sparing neither time nor effort to produce precision Stainless Steel to help America with her Number One Job — Winning the War.

**BACK THE ATTACK  
WITH WAR BONDS**

## RUSTLESS

**IRON AND STEEL CORPORATION  
BALTIMORE, MARYLAND**

*Producing STAINLESS STEEL Exclusively*





Towmotor at Marion, Ohio Engineer Depot stacking pallet loads of camouflage material in warehouse.

**L**arge volumes of small units

are effectively moved through production, storage, and  
shipping on pallets or similar load carriers

handled by

**TOWMOTOR**



**THE 24-HOUR ONE-MAN GANG**

TOWMOTOR CORPORATION • 1221 E. 152ND STREET, CLEVELAND 18  
STRAIGHT-GAS POWERED INDUSTRIAL TRUCKS EXCLUSIVELY—SINCE 1919

politan Life, six major railroad systems, the National Assn. of Securities Dealers and the Investment Bankers Assn., America which said Otis was its only member publicly sponsoring competitive bids.

Briefs favoring competitive bidding were filed, other than by participants by the Railway Labor Executives Assn. by two Young roads, C.&O. and New York, Chicago & St. Louis. The joint Halsey Stuart-Otis brief carried a familiar name as coauthor—the very Joseph L. Weiner, in fact, who, before resuming private law practice, headed the SEC utilities division and wrote the competitive bidding rule now operative.

• **SEC Moderately Mum**—The SEC, itself, filed no formal brief, since it termed the problem “patently one for solution by the ICC” alone, but it did send information for information purposes—full details covering all the utility issues sold to August 31, 1943, since its competitive bidding rule went into effect.

The briefs filed disclosed nothing pro or con, that had not been discussed many times publicly in the past. The against compulsory bidding still clear it leads to overpricing in times of tight markets that would eventually harm investors and cost the rails later on steady investor support. They point out that all roads already have the right, if they wish, to sell their securities through competitive bidding and ask why, if that method is so good, the U. S. Treasury abandoned competitive bidding in 1942 after trying it out with five offerings of long-term issues.

• **Questionable Points**—Also, they say the ICC has had the power for years to see that the rails secured a reasonable price for any new issues sold, and that bids made by objectors for issues previously sold at negotiated sales mean little as a guide since they are purposely made high in an endeavor to upset the apple-cart.

The Investment Bankers Assn., in particular, fears that competitive bidding would eventually force concentration of distribution into the hands of a relatively few underwriters and dealers and wipe out the many small houses (mostly I.B.A. members) so responsible in the past for the wide distribution of issues heretofore deemed so necessary.

• **And the Other Side**—The Halsey Stuart-Otis brief bluntly asks the ICC to break “the monopoly of Montgomery Stanley & Co. and Kuhn, Loeb & Co. which has been so detrimental to the carriers and the public.” It offers appropriate answers to each of the objections and questions propounded by the opposition.

The ICC public hearings, soon to be held, are generally expected to be rather heated, and no one is guessing as to the commission’s eventual decision either. However, if compulsory competitive bidding for rail issues is ordered,





## Mister—you're getting paid in DYNAMITE!

It's NOT KID OURSELVES about this. Our pay envelope today is dynamite.

If we handle it *wrong*, it can blow up in our face . . . lengthen the war . . . and maybe wreck our chances of having happiness and security after the war.

**The wrong way to handle it...and why**

The wrong way is for us to be good-time Charlies. To wink at prices that look too steep . . . telling ourselves we can afford to splurge.

We can't afford to—whether we're business men, farmers, or workers. And here's why:

Splurging will boost prices. First on one thing, then all along the line.

Then, wages will have to go up to meet higher prices. And higher wages will push prices up some more . . . faster and faster, like a runaway snowball.

The reason this can happen is that there is more money in pay envelopes today than there are things to buy with it. This year, we Americans will have 45 billion dollars more income than there are goods and services to buy at present prices. 45 billion dollars extra money!

That's the dynamite!

**The right way to handle it...and why**

The Government is doing a lot of things to

keep the cost of living from snow-balling.

Rationing helps. Price ceilings help. Wage-and-rent stabilization helps. Higher taxes help. They're controls on those dangerous excess dollars.

*But the real control is in our hands. Yours. Mine.*

It won't be fun. It will mean sacrifice and penny-pinching. But it's the only way we can win this war . . . pay for it . . . and keep America a going nation afterwards.

And, after all, the sacrifice of tightening our belts and doing without is a small sacrifice compared with giving your life or your blood in battle!

**Here's what You must do**

**Buy only what you absolutely need.** And this means absolutely. If you're tempted, think what a front-line soldier finds he can get along without.

**Don't ask higher prices**—for your own labor, your own services, or goods you sell.

Resist pressure to force YOUR prices up.

**Buy rationed goods only by exchanging stamps.** Shun the Black Market as you would the plague.

**Don't pay a cent above ceiling prices.**

**Take a grin-and-bear-it attitude on taxes.** They must get heavier. But remember, these taxes help pay for Victory.

**Pay off your debts. Don't make new ones.** Getting yourself in the clear helps keep your Country in the clear.

**Start a savings account. Buy and keep up adequate life insurance.** This puts your dollars where they'll do you good.

**Buy more War Bonds.** Not just a "percent" that lets you feel patriotic, but enough so it really pinches your pocket-book.

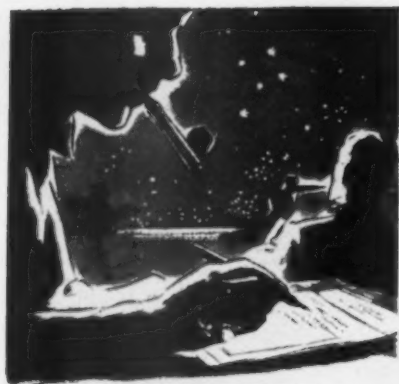
If we do these things, we and our Government won't have to fight a post-war battle against collapsing prices and paralyzed business. It's *our* pay envelope. It's up to us.

## KEEP PRICES DOWN!

Use it up • Wear it out

Make it do • Or do without

This advertisement, prepared by the War Advertising Council, is contributed by this Magazine in co-operation with the Magazine Publishers of America.



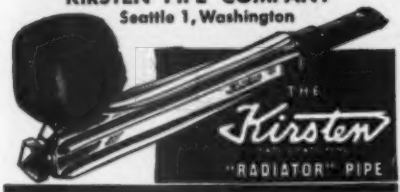
## "... UNDER THE SOUTHERN CROSS

There are several ardent KIRSTEN smokers on this Southern Tropical Island... and every night our KIRSTEN pipes are enjoyed as we think of our homes and loved ones."

An excerpt from a letter we received recently which indicates that even under the most adverse circumstances, a KIRSTEN smoker finds pleasure and comfort in this fine pipe.

Keep yours clean and you'll keep it going for the duration and longer.

**KIRSTEN PIPE COMPANY**  
Seattle 1, Washington



with the  
**HUNTER**  
**Electro-COPYIST**

The days when extra typists had to be brought in, or the regular staff worked overtime to complete a rush copying job, are forever gone. One of the many Hunter Electro-Copyst models suits your needs exactly. With it your office boy can turn out as many copies as desired of anything printed, written, typed or drawn. A complex isometric drawing, or a simple but long circular letter, are all the same to the Hunter Electro-Copyst—they are turned out with photo-exact accuracy and at a speed that makes you forget time was ever a factor in reproduction jobs.



**GET THE FACTS!** Send for booklet showing why the Hunter Electro-Copyst is superior to other reproduction methods. Or ask for a demonstration on your own work.

**HUNTER ELECTRO-COPYIST, INC.**  
107 E. Fayette St. Syracuse, N. Y.

# THE MARKETS

The rather sharp mid-September flare-up in prices seems to have turned out to be a six-day wonder. Stocks generally have since been showing a consistent, even though uneventful, downtrend. According to Street reports, this has been mainly due to the selling coming into the market from disappointed traders who had guessed that the move upward would gain some momentum; instead, it showed no follow-through whatever.

● **That Bull Signal**—This action of the market, indicating that the investor is still confused over the outlook, has been very disappointing to the Street as a whole. On the defensive is the group which has yet to admit publicly that the late-July break in prices ever meant anything more than a mere delay in the fulfillment of the rosy predictions they had hazarded when the rails broke through earlier (BW—Jul. 17 '43, p. 102).

Actually, this group is now forced to confess that its omnipotent charts currently furnish no clear "signal" on the direction the market may take in its next move. The most they venture to say now is that the "inconclusive nature" of the recent action seems to indicate that even some additional recession in prices could be witnessed without destroying all hope for a subsequent resumption of the earlier 1943 bull market trend.

● **Floor at 100% of Parity**—The week's major market flurry was in commodities rather than securities. It all started when Canadian authorities suspended wheat trading on the Winnipeg Grain Exchange on Tuesday, and the excitement increased later the same day when the House Agriculture Committee was reported to have voted to put a basic floor under farm prices at parity.

The Winnipeg suspension (which adds another to the steadily growing list of

ghost commodity markets) was in a measure unexpected even though it had been rumored for days. The previous afternoon "good authority" in Ottawa had been quoted to the effect that the move had been discussed but abandoned, partly because Britain opposed it.

● **Factor in Wages**—Purpose of the move is to protect Canada's cost-of-living index. Various subsidies have been paid of late to keep that indicator from edging up to the point where another wage bonus would have to be paid. Higher wheat prices, which have their inevitable influence on flour and bread, had been worrying the price and wage authorities lately.

Winnipeg contracts will be settled until further notice at Monday's closing quotation of \$1.20½; the government is taking over wheat from earlier crops and from the one now being harvested on the basis of \$1.25, Fort William.

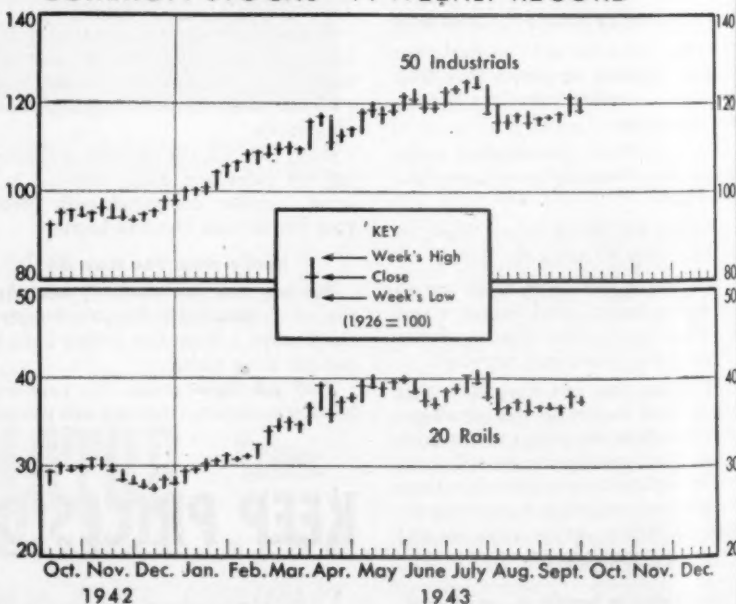
● **Action in Chicago**—The closing lifted prices in Chicago where traders bought to lift spreads. Strength spread to other grains, notably rye, and to other commodities after the report of the parity floor program got around.

## Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial ...	118.5	121.3	116.8	89.7
Railroad ....	37.4	38.2	37.0	28.7
Utility .....	51.4	52.0	50.1	31.2
<b>Bonds</b>				
Industrial ...	117.3	116.9	117.2	110.5
Railroad ....	98.2	98.6	98.6	87.2
Utility .....	115.7	115.7	115.6	106.6
U. S. Govt. ...	113.2	113.1	112.9	110.0

Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

## COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

many believe it would be only a question of time then before that method would become obligatory for all corporate offerings. Such a turn of affairs, obviously, would necessitate much readjustment of the present securities distribution setup. Also, some underwriters now wonder if it might not have been wiser and more profitable to have had somebody in the ring slugging it out with Young from the start instead of trying to handle the matter in keeping with "the Street's dignity."

## WIRE MERGER GO-AHEAD

The Federal Communication Commission, after formally closing its hearings on the proposed Western Union-Postal Telegraph merger, permitted the filing of briefs on the case by interested parties up to Sept. 22. This caused some fears (BW-Sep.18'43,p110) that the FCC might not have sufficient time to consider the matter properly and render a verdict before Oct. 1, the deadline laid down by Western Union when it agreed to the deal.

However, such fears proved groundless. The deadline was met with two days to spare, since the FCC (spurred on, according to reports, by a request of the N. Y. State Public Service Commission which, also considering the case, did not want to have to assume full responsibility) announced on the 28th its approval of the consolidation by a 5-to-1 vote.

## SERVICEMEN AS A RISK

The armed forces of the United States on June 30 included some 4,100,000 holders of policies issued by the American life insurance companies. With but few exceptions, moreover, these policies had been purchased before the war and thus provide holders with full protection while they are in the service. These are among the findings in a comprehensive survey by the Institute of Life Insurance.

From the time of Pearl Harbor until June 30, 1943, benefits totaling \$10,300,000 were paid on 9,100 policies, due to the death of holders as a result of enemy action. Death occurring in line of duty, but excluding action with the enemy, necessitated the disbursement of \$13,300,000 on 4,900 policies, while claims for deaths from natural causes, including those not connected with military service, numbered 4,000 and involved payment of \$7,400,000.

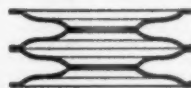
All in all, the first 19 months of hostilities cost the life companies payments of around \$32,000,000 on the policies held by those in the service. In the first six months of 1943, claims for deaths from all causes came to \$15,000,000. However, this figure represented but 2.69% of the total death benefits paid out by the life companies in that period,

# ANOTHER IMPOSSIBLE *by* COOK



## This Giant Bellows Solves a Difficult Heat Expansion Problem

War's demand for the seeming impossible is becoming commonplace here at Cook Electric . . . The successful meeting of one out-of-the-ordinary requirement invariably leads to another . . . The bellows illustrated above is another emphatic example . . . A well known manufacturer wanted a bellows that would handle rarefied gases for a difficult heat expansion problem—an almost impossible problem based on specifications submitted—but again Cook "came through."



This is the "Sine Curve" principle—an entirely new principle in bellows design.

This bellows, involving the new "Sine Curve" principle and Cook "Spring-life" construction, is made of .025 gauge electrolytically pure copper. It has a 22" O.D. and a 16" I.D. and is 18" between flange faces. The mated flanges are copper sheathed steel. The bellows is phos-copper brazed, will withstand temperatures as high as 1200° F. It has 2" of travel and 1" lateral thrust, differential pressure is 15 lbs. and its life expectancy is 3,500,000 flexures.

It is an outstanding job of bellows design and construction . . . one more proof that you can look to Cook for the impossible.



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and payments covering the lives of those killed in action accounted for only 0.84% of the total.

In the first seven months of 1943, total death benefits disbursed by the American life companies came to \$650,850,000. This was 10% more than the outgo in the same 1942 period, but death benefit payments in July alone ran only slightly above similar year-earlier levels.

## Big "VT" Credit

Nash-Kelvinator becomes first large war contractor to avail itself of cushion against termination in new type loan.

Since war conditions stopped the manufacture for civilian use of its normal principal products—the Nash automobile and the Kelvinator and Leonard home and commercial electric refrigerators—the Nash-Kelvinator Corp. has grown into one of the nation's large producers of war supplies. It has concentrated on aircraft engines and propellers (lately, helicopters, too), but numerous other munitions also make up a good part of its current output. Scope of its business is perhaps best evidenced by the \$650,000,000 of unfilled orders listed on its books June 30, 1943.

• **Convenient Cushion**—The end of hostilities, with consequent cancellation of contracts, and the subsequent swingback into normal peacetime production, posed a big problem. It was not surprising, therefore, to see the company last week become the first major armament producer to take advantage of the post-war cushion recently made available to those in its fix via the new type of V-loan (BW—Sep. 11'43, p103) which is specifically designed to protect a war contractor's working capital when war orders are terminated.

Negotiated by the Chase National Bank through the Federal Reserve Bank of New York, the new Nash-Kelvinator \$75,000,000 revolving Regulation VT bank credit will be shared by a group of 21 institutions throughout the country with which the company has long enjoyed close relations. Chase and another New York bank, the Manufacturers Trust, will each get a 10% piece.

• **Credit Now or Later**—Terms provided for a government guarantee to the lending banks of 90% of any loans made thereunder, and, on sums borrowed, an interest rate of 2½% will prevail. The standby charge on the unused portion of the credit is to be three-eighths of 1%, and funds meanwhile may be borrowed to finance any current war contracts, as well as to provide immediate working capital in the event of any sudden contract terminations.

# THE TRADING POST

## What about Education?

"A share of stock with a par value of \$50 pays a 4% dividend annually. If you bought ten shares of the stock at \$40, what rate of income would you receive on your investment?" If you were to ask the average high school student that question, the chances are 25 to 1 you would get a wrong answer. In fact, 2,281 pupils, in a recent test, managed to give 95 different wrong answers. Only 4 out of every 100 knew the correct answer.

This was considered the most difficult of the 55 questions in the test. Nearly half the pupils did not know that 86.4 is ten times 8.64. One out of ten did not even know how many weeks there are in a year. About 18%, or nearly one out of five, could not express  $\frac{1}{4}$  as a percentage.

The tests covered pupils in five New York City high schools, five upstate New York high schools, one high school in Pennsylvania, and one in Kansas. There's little reason to believe that better results would be obtained elsewhere.

\* \* \*

Last April, the New York Times published the results of its survey of American history knowledge among some 7,000 students in 36 colleges.

Some 20% of the students were found to have not the faintest idea what the country looks like; 30% did not know that Woodrow Wilson was President of the United States during the last World War; 84%, or six out of seven, were unfamiliar with the contributions of Jefferson; 88% could not tell what Andrew Jackson had done.

The Harvard Crimson, a student newspaper, attacked the survey as "one of the biggest hoaxes in American history." Three Harvard professors said that the survey and its results were ridiculous. But educators, the country over, said they were not surprised.

\* \* \*

A few days ago, an editorial writer ranted over what he called "the conquest of high school education" by the whole American people, and over the fact that with three times the population of Great Britain we have fifteen times the number of children in high school. Which may mean just exactly nothing as a measure of educational progress. Such a "conquest" may well be achieved by dragging down the standard of high school education to the level of the mass rather than by raising the mass to the level of high school education.

There is reason to believe that the

high school graduate of today does not get anywhere near the education of his predecessor of 30 or 40 years ago. Indeed, there is some ground for suspicion that many of today's college graduates are little better educated than the high school graduates of that day. That, of course, applies to the academic courses rather than to the professional schools, although it is possible that inadequate high school preparation is a substantial handicap to professional education. Merely keeping more boys and girls in school longer does not mean that they will be better educated.

Wilson L. Fairbanks, one of the editors of the New York Times, said a few months ago: "I am greatly concerned over the widespread manifestations of the spirit of unthoroughness, the sheer inability or unwillingness to go to the very root of things. Softness, of which Americans are often accused, is not a harsh enough term to describe this. We need that blunt and uncompromising Anglo-Saxon word—sloppiness."

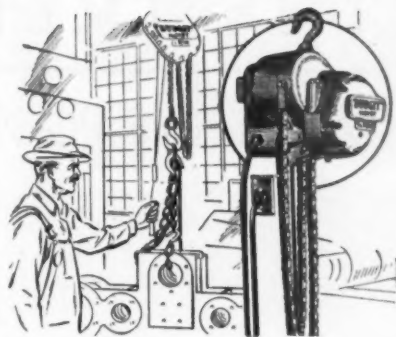
Willard Waller, professor of sociology at Columbia University, in making public a study of educational institutions in wartime, some three weeks ago, observed that "the situation is becoming worse, and a generation of poor education is ahead."

\* \* \*

Retraining of demobilized soldiers and war workers, and the expansion of vocational training are recognized by many business men as their own responsibilities. But they are becoming concerned over the more fundamental parts of education—the elementary schools, high school and college training—which pre-form the human material that comes to them: the young folks they have to work with, to train in special skills, and to whom they ultimately will intrust their businesses, factories, and laboratories.

During the past 20 years or more, educational facilities have increased prodigiously. In the large cities, per capita expenditures for libraries have increased 300%; daily expenditures for each student attending school have risen 250%.

But suppose we get through this war and open the door of opportunity more widely to the so-called common man. Can we hope that the next generation—unversed in our history, inept in its arithmetic, able to read but not to reason—will do much better than those who have gone before? We have been told that the hope of democracy lies in an educated people. On the record, just how bright is that hope? And what are we doing about it? W.C.



## Not Too Old

**H**IS brains and skill are young enough. Age has sapped the strength from his arms, legs and back but his hands have kept the cunning that years of experience taught him.

In this emergency he has come back to work. A 'Budgit' Hoist made it possible. It lifts the heavy parts in and out of his machine tool so that he produces as much as the son whom he replaced.

Even women, with 'Budgits', are filling thousands of places previously denied them by the necessary lifting. With electric power lifting the parts, the worker's strength goes into production. There is no danger of rupture, strain or over-fatigue.

There are no installation costs with a 'Budgit'. "Hang up, plug in and use" are the only instructions.

As the call goes out for more women and older men in war industries, the 'Budgit' Hoist is a salvation to management troubled with loss of man-power.

'Budgit' Hoists are portable, electric hoists with lifting capacities of 250, 500, 1000 and 2000 lbs. They are priced from \$119 up. Hang up, plug in, use. For information, write for Bulletin 356.



## 'BUDGIT' Hoists

MANNING, MAXWELL & MOORE, INC.  
MUSKEGON, MICHIGAN

Builders of 'Show-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and "American" Industrial Instruments.

# THE TREND

## X'S IN THE POSTWAR EQUATION

It is one of the anomalies of the present stage of our economic development that the importance we attach to the saving-investment functions of our economy is so great while our knowledge of the working of those functions remains so small. To nothing does this apply with such force as to wartime savings—and to the problem of how far they will carry us in the postwar era.

Business men and economists generally agree that the immediate postwar outlook for America is a higher level of peacetime activity than we have ever seen before—simply because of the accumulation of savings during these years in which the needs of war have denied us the autos and homes, plant and equipment which we otherwise would have bought.

• Yet how high that level will be is still unknown. Where will it fall between the 100-billion-dollar gross product we knew in 1940, and the 200-billion-dollar gross product we shall be experiencing by this year's end? In the realm of mystery with that question rests also another: How long can we sustain into the years of peace whatever level of activity we do attain at their beginning? On the answers to these hangs our entire future.

Answers to the first can take two extremes. One is that we shall suffer postwar inflation—for even 200 billion dollars would be an overvaluation of our ordinarily cheaper peacetime capacity product. The other is that we shall suffer mass unemployment—for if we produce in the postwar only as much as in 1940, unemployment might run up to 20 millions (BW—Apr.24'43,p116).

• On the one hand, the end of the war will see business and consumers attempting to satisfy their pentup wants for goods. They may do so by investing and spending not only their current incomes, but also part of their accumulated savings—at a time when government may face demobilization and rehabilitation expenditures so enormous as to be met only by continued deficit borrowing. These conditions would result in capacity production, but they also must create an inflation of prices to distribute the fruits of our still limited capacity to produce.

However, we are also frequently reminded of the one lesson of previous investigations into savings and investment: that, normally, savings of both business and consumers tend to rise far more rapidly than the gross national product, but that the opening of investment outlets fails to accelerate as quickly. Inevitably, when this occurs it limits the rise of economic activity.

We know that both sets of conditions will be operative in the postwar economy, but we don't know to what extent. Take consumer spending and saving, for instance. Economists have differed widely in their estimates of how much consumers may be expected to increase their rate of savings at levels of the national income higher than we have known before in peace. However, working against

these assumed but unmeasured increases will be the fact that consumers who have put away nest-eggs during the period of wartime shortages will be freer-handed about spending their postwar incomes.

Although we have figures on how much all consumers are saving during the war, we know very little about just how such savings are distributed as between those income groups that look to savings as capital and those that look to savings as nest-eggs. From what figures there are on these accumulations, we can only speculate as to their effect on postwar spending habits. Because we don't know how the rate of savings would tend to rise "normally," or how much this would be offset by the effect of wartime accumulations, all theories about what consumers will do are subject to a doubly wide range of error.

• In turn, the question of how much investment there must be to offset postwar savings is left unanswered. Indeed, we don't know how much savings business would tend to accumulate out of the postwar gross product. And equally subject to error are estimates of what business would tend to invest in the postwar period. For as against the lag in investment outlets prewar, we know that investment would tend to increase if consumer spending rose sharply; and we also know that business must make up for part of the replacement of equipment which it was forced to suspend during the war.

What we know about how long our economy will run at higher peacetime levels is as nothing compared to what we know about how high a level we are apt to rise to—and that isn't much, as we have seen. But just as we know that those levels of activity are apt to be higher than prewar, so also can we see that they will not be long sustained if we experience a marked postwar inflation that dissipates the benefits of wartime savings, or if, to begin with, we fail to rise much higher than the levels of 1940, despite the lifting but somewhat temporary effects of deferred demand.

• Although it is clear that even the most precise and most probable estimates of postwar savings and investment must hurdle the uncertainties and difficulties of the reconversion and transition periods before they can be confirmed, we do face a need for pushing a realistic examination of the mechanics of the postwar economy. We need more surveys of factors that can be measured—such as the distribution of consumers' wartime savings—and we need more intelligent study of the savings-investment equation. Above all, we require open-eyed and open-minded attention to the facts about postwar saving and investment as those facts become available during the earliest months of postwar experience—so that policy decisions may be made as speedily as possible.

*The Editors of Business Week*

Business Week • October 2, 1943



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